

A manned satellite will go around the earth and will return to the earth. This will lead to the possibility of transcontinental or transoceanic travel in half an hour. San Francisco to New York, New York to London, New York to Paris—in half an hour. The determinant as to whether people travel this fast will be not technology, but economics.

A trip around the moon and return; an opportunity, first to look at the far side with radar or television, unmanned, and then a trip around the moon and return to earth with a man aboard.

A man will be landed on the moon and brought back.

A space platform will be established. Instruments will be landed on Mars or Venus.

A man or men will be landed on Mars or Venus and brought back.

If I weren't a conservative, I would say that before the end of this century two more events will take place: A permanent observation station on the moon, and interplanetary travel as a common thing.

This is only the beginning. What will happen next, I cannot even conceive. I am only sure that the rate of scientific progress will continue to increase.

The 8 or 10 things I have enumerated can be done. I am satisfied that before the end of the century—and maybe long before the end of the century—they will be done.

We, the United States of America, can be first. If we do not expend the thought, the effort, and the money required, then another and more progressive nation will. They will dominate space, and they will dominate the world. There is a nation with this ambition. We must not let it prevail.

#### THE LEGAL QUESTION

Among the many other problems in space travel and communication which the House Select Committee on Astronautics and Space Exploration must attempt to solve will be the legal question of sovereignty, territorial rights, and jurisdiction.

This subject has been under consideration for several years. The following

is part of an article on this subject from the March 1958 issue of the Air Force magazine:

Since the invasion of space first by Russian satellites and now our own, there is growing sentiment for some sort of system of international control, or demilitarization. President Eisenhower has made a serious proposal to the world that this be done, and other administration and Congressional leaders have done likewise. One proposal is that the United Nations form a special commission on space.

Without questioning the worthiness, or even the ultimate necessity, of such a move, there are serious questions of sovereignty and international law involved.

It can be logically argued that the International Geophysical Year marks the beginning of a new era in international law, holding that outer space is not a part of a nation's "airspace." This has been suggested by John Cobb Cooper, Canadian air-law expert and legal adviser to the International Air Transport Association. Cooper points out that neither the United States nor the U. S. S. R. asked permission to put satellites into space when they announced their IGY programs. The fact that no nation has protested the satellites' invasion of space, Cooper says, has already established a precedent for freedom of space. He interprets the present situation as follows:

That present national boundaries extend upward only to a point where the atmosphere ceases to provide lift for airplanes or balloons.

That outer space, which he defines as where there is not enough atmosphere to create drag or otherwise affect flight, is now beyond the sovereignty of any state or nation of the world.

That the fringe area between these two still awaits a definition of sovereignty through some sort of international agreement.

The desirability of a demilitarized space and its implications for a peaceful world is difficult to deny. But while the debate goes on, the United States cannot let space go by default to the Soviet Union.

It is worth pointing out here that although the United States should work hard to prevent a Soviet monopoly on space achievements, deep space itself could not be the site of battle, as man has always known it, between giant fleets or armies of opposing war vehicles.

Instead—as a battlefield—space would serve as the high ground for reconnaissance and missileery, as envisioned in the earlier suggestions of General Boushey.

As we approach the reality of space travel, the science-fiction buffs among us will have to leave much of our romance behind. For it would be difficult indeed, if not impossible, for great space fleets to meet in combat, unless they both left from the same place at the same time in the same predetermined paths. This is hardly likely. Otherwise moments after they had "passed" each other in space, they would be thousands of miles apart, and the weapons, again in the classic use of the word, they ranged at each other would be utterly useless.

This does not, of course, preclude combat in near space between orbiting satellites of opposing nations. It would be possible, indeed quite simple, to demolish or puncture a manned satellite with a missile fired into its orbit. And there could, of course, be combat on the moon, a battle to gain sole control.

Dr. Edward Teller gave a hint of that prospect during his testimony at a recent Congressional hearing. He was being asked why man would want to go to the moon. And he answered that it would be interesting to find out what was there.

Asked later what he thought we might find when we did get there, Dr. Teller answered, "Russians."

The United States must accept and mount the challenge to pioneer in the stupendous task of space exploration if we hope to overcome the Russian scientific advances. It will require great energy and the constant cooperation of our scientific manpower and industrial know-how, of which we have plenty to accomplish these objectives.

## SENATE

WEDNESDAY, JANUARY 29, 1958

(Legislative day of Monday, January 27, 1958)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

God of all wisdom, away from the confusion of tongues we seek the quiet pavilion of prayer where the bewildering voices of the busy world and the clamor of wordy argument are hushed. When the reality behind all shadows—Thy presence beyond and in all things—captures our awareness, then our arrogance is rebuked and our pride is mocked, and we confess that our knowledge is only partial, and our judgment so fallible. May all narrow barriers be burned away that shut us out from fellowship and understanding with any of Thy other children. And may the decisions made here within these historic walls, in these crucial days, conform to Thy will, as to those who look and listen for Thy guidance are revealed the things which be-

long to our peace and to the peace of the world. We ask it in the dear Redeemer's name. Amen.

#### THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, January 28, 1958, was dispensed with.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States withdrawing the nomination of Miss Marguerite Cooper, of California, a Foreign Service officer of class 8 for promotion to class 7, was communicated to the Senate by Mr. Miller, one of his secretaries.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 8216) to amend the Internal Revenue Code of 1954 to prevent unjust enrichment by

precluding refunds of alcohol and tobacco taxes to persons who have not borne the ultimate burden of the tax.

The message also announced that the House had passed a bill (H. R. 8381) to amend the Internal Revenue Code of 1954 to correct unintended benefits and hardships and to make technical amendments, and for other purposes, in which it requested the concurrence of the Senate.

#### HOUSE BILL REFERRED

The bill (H. R. 8381) to amend the Internal Revenue Code of 1954 to correct unintended benefits and hardships and to make technical amendments, and for other purposes, was read twice by its title and referred to the Committee on Finance.

#### COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Anti-trust and Monopoly Subcommittee of the Committee on the Judiciary was authorized to meet during the session of the Senate today.

# NOTICE OF CHANGE OF DATE OF HEARING ON NOMINATIONS TO COMMISSION ON CIVIL RIGHTS

Mr. EASTLAND. Mr. President, on January 23, 1958, the Senator from Wyoming [Mr. O'MAHONEY], on behalf of the chairman of the Committee on the Judiciary, gave notice that a public hearing had been scheduled for Monday, February 10, 1958, beginning at 2:30 p. m. in room 424, Senate Office Building, before the Committee on the Judiciary upon nominations of the following to be members of the Commission on Civil Rights: John A. Hannah, of Michigan, John S. Battle, of Virginia, Doyle Elam Carlton, of Florida, the Reverend Theodore M. Hesburgh, of Indiana, Robert G. Storey, of Texas, J. Ernest Wilkins, of Illinois.

Since the time when the notice was originally given, the Office of the Chairman of the Commission on Civil Rights has informed the Committee on the Judiciary that all of the nominees would not be able to be present on February 10, 1958.

Accordingly, at the request of the office of the Chairman of the Commission on Civil Rights, the hearing has been rescheduled.

The rescheduled time of the hearing has been set for 2:30 p. m. Monday, February 24, 1958, in room 424, Senate Office Building, at which time persons interested in the above nominations may make such representations as may be pertinent.

## EXTENSION OF TIME FOR THE FILING OF REPORTS BY THE JUDICIARY COMMITTEE

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the time for the filing of reports by the Judiciary Committee now required by Senate resolution to be filed not later than January 31, 1958, be extended to February 11, 1958.

The VICE PRESIDENT. Without objection, it is so ordered.

## EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

## EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. GREEN, from the Committee on Foreign Relations:

U. Alexis Johnson, of California, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to Thailand, vice Max Waldo Bishop.

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce:

Capt. Richard M. Ross for promotion to the permanent rank of rear admiral in the United States Coast Guard;

Alvin H. Giffin, and sundry other persons, for appointment in the United States Coast Guard; and

Rupert L. Murphy, of Georgia, and Abe McGregor Goff, of Idaho, to be Interstate Commerce Commissioners.

Dewey G. Rushford and others for permanent appointment in the Coast and Geodetic Survey.

Mr. PURTELL. Mr. President, from the Committee on Interstate and Foreign Commerce, I report favorably the nomination of Anthony F. Arpaia, of Connecticut, to be an Interstate Commerce Commissioner for the term of 7 years expiring December 31, 1964. This will be a reappointment.

It is a pleasure for me to make this report. Mr. Arpaia is known well and favorably for his excellent work on the Interstate Commerce Commission. He is a devoted, conscientious, and able servant of the people; and his duty has been performed in such a manner as to warrant his continuing service on this important Commission.

The VICE PRESIDENT. The nomination will be placed on the Executive Calendar.

If there be no further reports of committees, the nominations on the calendar will be stated.

## UNITED NATIONS

The Chief Clerk read the nomination of Christopher H. Phillips, of Massachusetts, to be a representative of the United States of America on the Economic and Social Council of the United Nations.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

## DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Karl L. Rankin, of Maine, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Yugoslavia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Charles W. Yost, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Syria.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

## THE ARMY

The Chief Clerk proceeded to read sundry nominations in the Army.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

## THE REGULAR AIR FORCE

The Chief Clerk read the nomination of Maj. Gen. George W. Mundy, 358A, Regular Air Force, to be assigned to positions of importance and responsibility designated by the President, in the rank

of lieutenant general, under the provisions of section 8066, title 10 of the United States Code.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

## THE NAVY

The Chief Clerk proceeded to read sundry nominations in the Navy.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

## THE MARINE CORPS

The Chief Clerk proceeded to read sundry nominations in the Marine Corps.

Mr. JOHNSON of Texas. I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

## THE NAVY AND THE MARINE CORPS

The Chief Clerk proceeded to read sundry nominations in the Navy and the Marine Corps.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

## NOMINATIONS IN THE ARMY, THE AIR FORCE, THE NAVY, AND THE MARINE CORPS, FAVORABLY REPORTED AND PLACED ON THE VICE PRESIDENT'S DESK

The Chief Clerk proceeded to read sundry nominations in the Army, the Air Force, the Navy, and the Marine Corps, favorably reported and placed on the Vice President's desk.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of all these nominations.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

## LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.



### TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there be the usual morning hour, during which Senators may introduce bills and transact other routine business, with statements limited to 3 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

### EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

#### CONSTRUCTION OF MODERN NAVAL VESSELS

A letter from the Under Secretary of the Navy, transmitting a draft of proposed legislation to authorize the construction of modern naval vessels (with an accompanying paper); to the Committee on Armed Services.

#### REPORT ON FEDERAL CONTRIBUTIONS PROGRAM

A letter from the Administrator, Federal Civil Defense Administration, Washington, D. C., transmitting, pursuant to law, a report on the Federal contributions program, for the quarter ended December 31, 1957 (with an accompanying report); to the Committee on Armed Services.

#### INCREASE OF LENDING AUTHORITY OF EXPORT-IMPORT BANK OF WASHINGTON

A letter from the president, Export-Import Bank of Washington, Washington, D. C., transmitting a draft of proposed legislation to increase the lending authority of the Export-Import Bank of Washington and for other purposes (with an accompanying paper); to the Committee on Banking and Currency.

#### BALANCE SHEET OF POTOMAC ELECTRIC POWER CO.

A letter from the president, Potomac Electric Power Co., Washington, D. C., transmitting, pursuant to law, a balance sheet of that company, dated December 31, 1957 (with an accompanying report); to the Committee on the District of Columbia.

#### REPORT ON OPERATIONS UNDER SALINE WATER CONVERSION ACT OF 1952

A letter from the Secretary of the Interior, reporting, pursuant to law, on the operations of that Department under the Saline Water Conversion Act of 1952, during the fiscal year 1957; to the Committee on Interior and Insular Affairs.

#### REPORT ON PAYMENT OF CLAIMS ARISING FROM CORRECTION OF MILITARY RECORDS

A letter from the Acting Secretary of the Treasury, transmitting, pursuant to law, a report on payment of claims paid on account of the correction of military records of Coast Guard personnel, during the 6-month period ended December 31, 1957 (with an accompanying report); to the Committee on the Judiciary.

#### REPORT OF UNITED STATES COMMISSIONER OF EDUCATION

A letter from the Secretary, Department of Health, Education, and Welfare, transmitting, pursuant to law, a report of the Commissioner of Education, for the fiscal year 1957 (with an accompanying report); to the Committee on Labor and Public Welfare.

#### REPORT ON POSITIONS FILLED IN CERTAIN GRADES OF CLASSIFICATION ACT OF 1949

A letter from the Administrative Assistant Secretary, Department of Agriculture, Washington, D. C., reporting, pursuant to law, that no change had occurred since January 1, 1957 in that Department, relating to posi-

tions placed in grades GS-16, 17, and 18; to the Committee on Post Office and Civil Service.

### PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

#### By the VICE PRESIDENT:

A resolution adopted by the East San Gabriel Valley Planning Committee of Los Angeles County, Calif., favoring the improvement of the Walnut Creek system for the control and conservation of flood waters for Los Angeles County; to the Committee on Public Works.

A resolution adopted by the Columbia Historical Society, Washington, D. C., protesting against any change in the east front of the Capitol Building; to the Committee on Rules and Administration.

### REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. HENNINGS, from the Committee on Rules and Administration, without additional amendment:

S. Res. 224. Resolution authorizing the Committee on Interstate and Foreign Commerce to investigate certain matters under its jurisdiction (Rept. No. 1232).

By Mr. HENNINGS, from the Committee on Rules and Administration, without amendment:

S. Res. 207. Resolution to investigate matters pertaining to public and private housing (Rept. No. 1233);

S. Res. 214. Resolution authorizing the Committee on Banking and Currency to investigate certain matters under its jurisdiction (Rept. No. 1234);

S. Res. 245. Resolution authorizing the Committee on Finance to expend an additional \$10,000 from the contingent fund of the Senate during the 85th Congress;

S. Res. 252. Resolution to provide additional funds for the Committee on Labor and Public Welfare; and

S. Res. 254. Resolution to authorize additional clerk hire for the Committee on Labor and Public Welfare (Rept. No. 1235).

By Mr. HENNINGS, from the Committee on Rules and Administration, with an amendment:

S. Res. 253. Resolution authorizing the Committee on Labor and Public Welfare to employ certain temporary staff members and assistants; (Rept. No. 1236).

### EDITH B. PORTERFIELD

Mr. HENNINGS, from the Committee on Rules and Administration, reported an original resolution (S. Res. 255), which was placed on the calendar, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Edith B. Porterfield, widow of Albert E. Porterfield, an employee of the Senate at the time of his death, a sum equal to 10½ months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

#### By Mr. PROXMIRE:

S. 3181. A bill to extend the program of expanded milk in Veterans' Administration

facilities and in the Armed Forces for an additional 2-year period;

S. 3182. A bill to expand the special milk for children program and to give it permanent authorization by incorporating it into the regular school-lunch program in the interest of improved nutrition by fostering the consumption of fluid milk in schools; and

S. 3183. A bill to extend the brucellosis eradication program for an additional 2-year period in the interest of protecting the public health and welfare; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. PROXMIRE when he introduced the above bills, which appear under a separate heading.)

#### By Mr. THYE:

S. 3184. A bill to permit eligible veterans to commence institutional on-farm training under the Veterans' Readjustment Assistance Act of 1952 more than 3 years after their discharge or release from military service if facilities for such training were not available prior to the expiration of such 3-year period; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. THYE when he introduced the above bill, which appear under a separate heading.)

#### By Mr. NEUBERGER:

S. 3185. A bill to promote the conservation of migratory fish and game by requiring certain approval by the Secretary of the Interior of licenses issued under the Federal Power Act; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. NEUBERGER when he introduced the above bill, which appear under a separate heading.)

#### By Mr. DIRKSEN:

S. 3186. A bill to extend for 1 year certain programs established under the Domestic Tungsten, Asbestos, Fluorspar, and Columbian-Tantalum Production and Purchase Act of 1956; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. DIRKSEN when he introduced the above bill, which appear under a separate heading.)

### RESOLUTION

Mr. HENNINGS, from the Committee on Rules and Administration, reported an original resolution (S. Res. 255) to pay a gratuity to Edith B. Porterfield, which was placed on the calendar.

(See resolution printed in full when reported by Mr. HENNINGS, which appears under the heading "Report of a Committee.")

### PROPOSED LEGISLATION TO INCREASE CONSUMPTION OF MILK AND DAIRY PRODUCTS

Mr. PROXMIRE. Mr. President, I am sending to the desk for proper reference three bills to continue and expand certain programs established by Congress for the purpose of aiding in the increased consumption of milk and dairy products by school children and in Veterans Administration facilities and the Armed Forces, and to provide protection for the health of consumers of dairy products.

The first of these bills would extend for 2 years the special programs for providing additional milk products through the Commodity Credit Corporation to enable the Armed Forces and the Veterans' Administration to utilize an increased quantity of dairy products in the interest of better nutritional standards.

These programs provide for increasing the supply of dairy products available to the Veterans' Administration and Armed Forces in periods when total supplies are abundant. Certainly, no one more deserves to enjoy a bonus of additional wholesome and nutritious dairy commodities when we have an abundant supply. My bill would add to the list of services eligible for receiving increased supplies of dairy commodities, the Coast Guard and the Merchant Marine Academy. The young men who serve their country in this way should be accorded the same treatment under this program as the personnel of the Army, Navy, Air Force, and Marines. These latter are already eligible under the present program.

The second of these bills would make the special milk for children program, which is due to expire on June 30, 1958, into a permanent part of the regular school-lunch program. It would expand its scope sufficiently so that all school children in the Nation could look forward to sharing in the benefits of this vital program.

During the past 4 years, millions of children in schools, day nurseries, summer camps, and similar institutions have consumed additional milk under the special milk program. It has served to increase the nutritional standards for the Nation's children—surely a vital investment in the future strength and vitality of our country. It also expanded both the immediate consumption of milk, and future potential consumption by introducing many children to milk who otherwise might never become familiar with milk as an everyday beverage.

Despite this worthwhile accomplishment, far less than half of the school children of America have yet been able to participate in the school-milk program as it has been set up in the past several years. One of the biggest problems has been the inability of many schools to finance the special facilities and to pay for the necessary minimum administrative costs of carrying out a sanitary milk supply program in the school. My bill would provide additional financial help to local school authorities to enable them to meet some of these practical problems which too often have constituted a bottleneck in the past.

Transfer of the special-milk-for-children program to the school-lunch program would accomplish two important things:

First. It would give the special milk program the permanent status it deserves to have, thus permitting school officials to plan for a stable and continuing program of milk distribution;

Second. It would clearly identify this program as an aid to the nutrition of our children, and free it from any possibility of misrepresentation to the public as a subsidy to farmers under the price support programs. Unfortunately, there has been a great deal of misunderstanding in the public mind about the nature of expenditures for programs of this kind. These expenditures are reported by the Secretary of Agriculture as losses under the price-support program, which is certainly contrary to any realistic

view. It would be just as sensible to report that expenditures for school books are losses on behalf of subsidies to publishers.

The third and final bill would extend the program for Federal support of the brucellosis eradication program for 2 more years. The drive to wipe out this costly and dangerous infection is gaining momentum. Nine States—including Wisconsin—have now achieved the status of "modified certified brucellosis-free." This means that less than 1 percent of their cattle and 5 percent of their herds are infected.

With victory in the fight to completely eradicate this disease now in sight, it is all the more prudent to keep the campaign going forward at full efficiency.

Despite the progress that has been made against brucellosis, it still accounts for annual losses of about \$30 million to dairy producers.

I should like to emphasize the hazard to human health which this disease presents. The organism that causes brucellosis in cattle is responsible for undulant fever in humans. Undulant fever may be communicated by contact with diseased animals or animal products. Eradication of this hazard is very much in the interest of public health, as well as of dairy producers.

The VICE PRESIDENT. The bills will be received and appropriately referred.

The bills, introduced by Mr. PROXMIER, were received, read twice by their titles, and referred to the Committee on Agriculture and Forestry, as follows:

S. 3181. A bill to extend the program of expanded milk in Veterans Administration facilities and in the Armed Forces for an additional 2-year period;

S. 3182. A bill to expand the special milk for children program and to give it permanent authorization by incorporating it into the regular school lunch program in the interest of improved nutrition by fostering the consumption of fluid milk in schools; and

S. 3183. A bill to extend the brucellosis eradication program for an additional 2-year period in the interest of protecting the public health and welfare.

#### EDUCATIONAL BENEFITS IN CONNECTION WITH ON-THE-FARM TRAINING

Mr. THYE. Mr. President, I introduce for appropriate reference a bill which will remedy a very unjust situation in regard to the educational benefits under Public Law 550 for on-the-farm training.

A specific case was brought to my attention, and is similar to many others across the country.

Today a large investment is required to establish oneself in agriculture. When a man comes out of service, who is interested in going into farming, he very often does not have the necessary capital. In the specific case drawn to my attention, the young man went to work on the Iron Range in Minnesota so as to save enough for a downpayment on equipment and land. The State Department of Education inspected the farm and approved the training program set up for the veteran. This young man enrolled in an on-the-farm-training program, but was

unable to commence training because the class was full at that time. Before a vacancy occurred in the class, the delimiting time had passed and, therefore, the Veterans Administration could not approve his application for benefits.

I should like to point out that on-the-farm-training is different from the other educational benefits because of the limited facilities available. In most instances, special instructors for this program have been set up who can spend most of their time traveling from farm to farm and giving the needed guidance. One instructor can have only a limited number of men under his supervision, and a vacancy does not occur until one of the class has finished his course. Therefore, the young man was prevented from obtaining his benefits because no other facility was available for this type of program.

I do not believe that it is the desire of the Congress to prevent men like this one, who have worked in order to secure the needed money for investment, from taking advantage of the benefits which are rightfully theirs, but who are unable to participate in a course because of conditions beyond their control. I am very hopeful that this bill will receive wide support and can be enacted into law so that this man, and the many others across the country who are in a similar position, will receive the benefits which the law provides.

I ask unanimous consent that the bill may be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3184) to permit eligible veterans to commence institutional on-farm training under the Veterans' Readjustment Assistance Act of 1952 more than 3 years after their discharge or release from military service if facilities for such training were not available prior to the expiration of such 3-year period, introduced by Mr. THYE, was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

*Be it enacted, etc.,* That section 212 of the Veterans' Readjustment Assistance Act of 1952 is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding the provisions of subsection (a), an eligible veteran—

"(1) Who, on or before the delimiting date for the veteran to initiate his program of education or training under subsection (a), has applied for enrollment in a course of institutional on-farm training which is thereafter approved by the appropriate State approving agency in accordance with the provisions of section 252, and

"(2) for whom facilities at an educational institution for such course of institutional on-farm training were not available at any time on or after the date of his application for enrollment and on or before the delimiting date for the veteran to initiate his program of education or training under subsection (a),

may initiate his program of education and training under this title (but only with respect to such approved course of institutional on-farm training) at any time



within 6 months after facilities at an educational institution for such course of institutional on-farm training become available for him, or within 6 months after the date of the enactment of this subsection, whichever is the later."

#### AUTHORIZATION FOR FISH AND WILDLIFE SERVICE TO PROTECT MIGRATORY FISH AND GAME

Mr. NEUBERGER. Mr. President, we of the Pacific Northwest face a major crisis with respect to resource conservation and development.

On January 20, 1958, the Federal Power Commission ruled that a high dam at the Nez Perce site on the Snake River, between Oregon and Idaho, would be feasible for construction either by the Government or by a private utility company.

In my opinion, a 700-foot dam at Nez Perce would be presently disastrous to the great Chinook salmon runs of the Columbia River Basin. This stems from the fact that the Salmon River of Idaho, principal spawning ground of these migratory fish, would be blockaded by such a structure. At the current time, Mr. President, no devices or methods have yet been conclusively tested which enable such salmon runs to survive Nez Perce Dam, either on their upstream or downstream pilgrimages.

Mr. President, those of us concerned about wildlife preservation can, in my estimate, prevent Congress from authorizing a Federal dam at Nez Perce. But what will prevent the FPC from licensing Nez Perce for construction by a private utility, by a public system, by a municipality, or by some syndicate of such groups—as at Priest Rapids on the Columbia River?

Already we have seen on the Deschutes and McKenzie Rivers of Oregon, and on the Cowlitz River of Washington, that migratory fish runs and outdoor values matter very little indeed to the Commissioners of the FPC.

Accordingly, Mr. President, I am introducing today, for appropriate reference, a bill to give the United States Fish and Wildlife Service collateral jurisdiction in FPC decisions where rivers are involved with important fisheries resources.

Today, and for many years past, the FPC has had to consult the Corps of Army Engineers whenever the FPC licensed projects on rivers with navigable reaches. Surely, parallel participation in FPC verdicts ought to be required by the Fish and Wildlife Service where the streams at stake are the habitat of fish pilgrimages worth many millions of dollars, both from the standpoint of commercial and sports fisheries.

As I have said, Mr. President, the Federal Water Power Act now restricts the Commission's licensing authority by providing that "no license affecting the navigable capacity of any navigable waters of the United States shall be issued until the plans of the dam or other structures affecting navigation have been approved by the Chief of Engineers and the Secretary of the Army." In the management of our Nation's water resources for their full multiple-purpose

benefits, the continuance of major fisheries certainly deserve protection equal to that afforded the requirements of navigation. The bill which I am introducing merely extends the law so that no license shall be issued until the Secretary of the Interior, after consulting with the Fish and Wildlife Service, has determined that the dam and project works are not detrimental to migratory fish and to game and wildlife.

I ask unanimous consent to have printed at this point in my remarks the bill to promote conservation of migratory fish and game by requiring approval of Federal Power Commission licenses by the Secretary of the Interior.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 3185) to promote the conservation of migratory fish and game by requiring certain approval by the Secretary of the Interior of licenses issued under the Federal Power Act, introduced by Mr. NEUBERGER, was received, read twice by its title, referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

*Be it enacted, etc.,* That the first sentence of subsection (e) of section 4 of the Federal Power Act is amended by inserting before the period at the end thereof a colon and the following: "And provided further, That no license shall be issued until the plans for the project have been approved by the Secretary of the Interior, after consultation with the Fish and Wildlife Service of the Department of the Interior, as not being detrimental to the conservation of migratory fish and game."

Mr. NEUBERGER. Furthermore, Mr. President, many of us fear that the Federal Power Commission approval of the Nez Perce Dam could encourage Canada to take further action to carry out plans which have been discussed to divert the upper Columbia River into the Fraser watershed, thereby reducing the volume of water reaching generators on the United States side of the border.

The manner in which the Commission's decision favoring Nez Perce Dam may jeopardize our negotiations with Canada over the use of the upper Columbia is discussed in an article which I wrote for the Oregonian. I ask consent to include with my remarks this article of January 27, 1958, entitled "FPC Aid to Canadian Diversion," and an editorial on the same subject from the Vancouver (British Columbia) Province of January 15, 1958.

The Commission's decision has been the subject of considerable editorial comment in leading Pacific Northwest newspapers. They have been almost uniformly critical of the action taken by the Commission. I ask unanimous consent to have printed in the RECORD thoughtful editorials from the Oregonian of January 22, 1958; the Pendleton East-Oregonian of January 24, 1958; the Astorian-Budget of January 21, 1958; the Oregon Statesman, the Oregon Journal, and the Eugene Register-Guard, all of January 22, 1958. The material in the Statesman is the personal column of its editor, Ex-Gov. Charles A. Sprague.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Oregonian of January 27, 1958]

#### FPC AID TO CANADIAN RIVER DIVERSION

(By Hon. RICHARD L. NEUBERGER, U. S. Senator, Oregon)

WASHINGTON.—Not only conservationists but also advocates of Columbia River development should be profoundly disturbed by the recent Federal Power Commission decision, which declares that "fishery experts have made great strides" in enabling migratory fish to survive high dams like the proposed Nez Perce project.

This contention, which I regard as premature and unwarranted, is more than a threat to the salmon pilgrimages of the Salmon River watershed. It is a still greater threat to the actual survival and expansion of the Columbia River power system itself.

Let me explain precisely what I mean.

In May of 1955 the Canadian parliament authorized \$250,000 for a study of proposed diversions that would pour much of the Kootenai River into the Columbia, and then divert some 15 million acre-feet or more out of the Columbia and into Canada's Fraser River system. Thus, a segment of the upper Columbia nearly equivalent to the whole flow of the Colorado would never reach United States generators. Because the Fraser reaches the sea in Canada, that nation could secure some 1,200 extra feet of head out of this vast volume of water.

Of course, the diversions would completely rule out any hope of ever building Libby Dam, and they would clamp a ceiling on future power production along the main stem of the Columbia River below the international border.

But opponents of the diversions always had one great ally—the approximately \$30 million sockeye salmon runs of the Fraser. They insisted that tapping the increased flow of the Fraser with high dams would imperil, if not destroy, the fish migrations that are so important to both nations.

On the floor of Parliament, protection of the Fraser's fish has been one trump card of the Canadians hostile to diversion. But the Federal Power Commission seems determined to snatch that card away from them. In this effort, I regret to say, the FPC appears to be joined by those public-power advocates who contend that Nez Perce Dam must be built.

The leading Canadian advocate of diversion is Gen. A. G. L. McNaughton, chairman of that country's side of the International Joint Commission. Appearing before the External Affairs Committee of Parliament in December, General McNaughton justified his support of diversion into the Fraser on the FPC examiner's report in the Middle Snake case, which was issued in July of 1957. General McNaughton said:

"That, gentlemen, is the opinion of the examiner of the FPC. It means that after many years of controversy and discussion of the question of whether dams are to be built in the upper waters of the Columbia and along the Snake and so on, the FPC decided that high dams would be built, and they put biologists and other fishery engineers to work to find ways to get a reasonable proportion of fish up and down, and they have expressed their confidence as to the progress and what could be done."

If the main Canadian proponent of diversion was able to take that position before a parliamentary committee merely on the strength of the ruling of an FPC examiner, imagine what prestige will now accrue to his side of the controversy with the entire Federal Power Commission of the United States now expressing faith that fish pilgrimages can be passed safely over high dams.

Of course, the FPC findings will likewise cut the ground out from under former Minister of Fisheries James Sinclair and other members of Parliament, who are the principal adversaries of diverting the Kootenai into the upper Columbia, and then the Columbia into the Fraser.

Our own international joint commission, which I do not exonerate from blame for precipitating the unfortunate diversion proposal, has been relying on the Fraser's sockeye runs to thwart this proposal. But can one agency of the United States Government blithely claim that methods are now at hand to get salmon runs over high dams on the Snake and Salmon Rivers, while another Government agency tells our Canadian friends that high dams inevitably will be fatal to salmon runs on the Fraser River? Canadians can read; they are literate people; this kind of doubletalk will not be popular with them, nor will it convince them to abandon diversion.

Many of the ardent proponents of Nez Perce Dam favor with equal ardor the expansion of power facilities on the main stem of the Columbia. It may be that such positions will prove to be incompatible. Diversion would permit Canada to tap for power a huge flow all the way to tidewater. Our country is asking Canada to sacrifice this, so that the Fraser's fish may be spared the jeopardy of high dams. But now the FPC assures us that the American cousins of the Fraser's sockeye horde can probably survive high dams on the middle Snake.

The phrase "you can't have your cake and eat it too" stems from the 16th century, but it is still pertinent.

[From the Vancouver (British Columbia) Province of January 15, 1958]

#### PERPETUAL VERSUS TRANSITORY RESOURCE

British Columbia's fishing industry will find great comfort in the Federal Government's decision against any immediate power development of the Fraser—the more so because it has been taken on reasoned long-term grounds rather than as a reaction to immediate political pressures.

It is worth requoteing some of the remarks of the Minister of Fisheries, Mr. J. Angus MacLean, in the Commons last weekend.

He stressed the importance of the Fraser salmon runs because they could regenerate themselves forever if they were properly managed, whereas it may well be that the problem of providing more power on the Fraser from hydro sources is a passing one. There is a tendency in this direction already. There is a large thermal plant in the planning for the Vancouver area, and as time goes on other sources of power may be developed which will remove this threat to the fisheries completely.

That is the nub of the whole fish-versus-power argument. Fish—a valuable source of protein in a world that will need ever more of it in the future, and also the base of the established way of life of a substantial number of British Columbians—are there in perpetuity. But in an age in which power from atomic fission is already growing toward maturity and a vastly more abundant energy from nuclear fusion is approaching birth, dams may be transitory things.

It would seem the height of folly to kill off the perpetual resource for the sake of the transitory.

And, today at least, it would mean killing off the fish.

Mr. MacLean himself said: "There is a possibility—a lesser one, I think—that means can be found of having both fish and power on the same stream, but in large developments there is little likelihood of this being achieved in the near future."

By coincidence, at the same time the manager of the Grant County Public Utility District in the State of Washington was reporting that the cost of attempts to save the

remaining fish of the Columbia might soon exceed the value of the fishery and that few of the fish were using the expensive works built to carry them past power dams.

[From the Portland Oregonian of January 22, 1958]

#### NEZ PERCE RULING CREATES NEW HAZARDS

The Federal Power Commission's unexpected denial of private utility licenses to build Mountain Sheep and Pleasant Valley Dams in the Snake River below Hell's Canyon raises some vital new problems. FPC simultaneously held that a high dam at the mutually exclusive Nez Perce site would be economically feasible either for private or Federal development.

Since there is absolutely no assurance that devices can be designed to pass small salmon and steelhead migrating downstream to the ocean over an 800-foot high dam in safety, the commercial and sports fishing interests of the Northwest and Nation will fight Nez Perce to the end. Such a dam, with its 200-foot drawdown, would doom a major portion of the multi-million-dollar spring Chinook salmon and summer steelhead runs into the Salmon River, Imnaha River and upper Snake River. It would close off the great Snake River spawning system as completely as Grand Coulee closed the upper Columbia.

The Federal Power Commission always has taken the position that power is paramount and fish are expendable. It has granted licenses, as for the Cowlitz, Pelton, and Brownlee Dams, on the unwarranted assumption that fishery agencies, confronted with a fait accompli, would rise to the occasion and conquer in a few months' time a problem not solved in years of study.

The public power proponents who are so joyful about the ruling against Pacific Northwest Power Co., a combine of four private utilities, do not include the fish conservationists. The latter saw the utility dams in the Snake above the mouths of the Salmon and Imnaha Rivers as much the lesser of two evils.

FPC also may be questioned on how it arrived at a conclusion that Nez Perce Dam would be economically feasible for private utility construction. This certainly has not been determined.

As listed by the Army engineers—but not yet authorized as a Federal project by Congress—Nez Perce might be built at an estimated cost of \$430 million. Its 800-foot crest would back up the Snake River 64 miles to the base of Idaho Power Co.'s licensed but unbuilt low Hells Canyon Dam, and the Salmon River 60 miles. Although the figure of 6 million acre-feet is used by the FPC as potential storage, the Army engineers estimated that Nez Perce would have usable storage for flood control, power, and downstream regulation of 3,900,000 acre-feet. The installed hydroelectric capacity is estimated by the engineers at 1,627,000 kilowatts initially and 2,128,000 kilowatts ultimately.

Possibly, Pacific Northwest Power Co. might consider filing on the Nez Perce site if (1) Congress would put in a big share of the money for flood control and increased power benefits at downstream Federal dams, or (2) Congress would permit private power companies to be repaid for stored water beneficial to Federal dams below. The first means partnership; the second, a shift in Congressional attitude. Neither seems likely in a Democratic Congress.

Under the law, the Federal Power Commission is charged with recommending a project for Federal development if that is more feasible than a private application. The FPC apparently did not do this. It left the door open for a private bid on Nez Perce.

This newspaper, seeing no probability of successful fish passage over Nez Perce, has long advocated construction of a higher dam

at the Pleasant Valley site to recover some of the storage lost when FPC licensed three lower dams of Idaho Power Co. in Hells Canyon and Congress failed to adopt a high Hells Canyon bill. Secretary of the Interior Fred Seaton asked Congress last session . . . and this to provide funds to complete a study of feasibility of a high Pleasant Valley Dam.

FPC did not recognize this proposal, which would add 500,000 acre-feet to the Pleasant Valley storage. The private utilities declined to alter their application to ask for a high dam. Now, they could reconsider. But in view of FPC's decision favoring Nez Perce, it may be too late.

There is also in the Congressional works a proposal supported by Senators NEUBERGER, of Oregon, and CHURCH, of Idaho, for a moratorium on dam building in the Nez Perce-Pleasant Valley reach of the Snake, to give fishery experts time to work on the problem. That may be the logical result of the FPC decision. However, a moratorium wouldn't mean much to future Congresses. It would be honored only until support were marshaled for a Nez Perce Federal dam.

[From the Pendleton East Oregonian of January 24, 1958]

#### IT WILL BAFFLE THE HISTORIANS

If we had been betting on it we'd have thought it a cinch that the Federal Power Commission would decide that Nez Perce Dam on the Snake River should not be built. There are so many reasons for that decision.

Standing above all is the reason that Nez Perce Dam would virtually destroy fish runs in the Salmon and Snake Rivers. Research into the intricate problem of getting migratory fish runs past a high dam (Nez Perce would have an 800-foot crest) has not come up with something that meets the problem presented by Nez Perce.

There is another reason. When the FPC had to decide whether to permit a high Federal dam at Hells Canyon or three low-head dams constructed by Idaho Power Co. in that stretch of the Snake River it turned its back on the recommendations of its examiner and issued a permit to Idaho Power Co. That decision seemed to make it clear that the FPC thought storage on the Snake which a high Hells Canyon Dam would provide was, according to FPC thinking, unimportant.

Another reason was continued refusal by the Corps of Engineers to recommend construction of Nez Perce. Corps studies have said that Nez Perce is probably the best project in the Columbia Basin because of the great benefits—in particular substantial storage that would firm up the output of downstream projects—it offered, but the conclusion of the corps has consistently been that until the fish-movement problem was solved the dam should not be built.

While it was not a substitute for Nez Perce (no project in that area of the river could be) the FPC did have a way out of the mess it has created in the Snake River by permitting Pacific Northwest Power Co. (a combine of four private power companies) to build Pleasant Valley and Mountain Sheep Dams, upstream from Nez Perce, with the provision that the height of Pleasant Valley be increased in order to capture additional storage.

It seemed hardly possible that the FPC would add to the confusion it already had created on the middle Snake. But its decision of this week did exactly that. The decision will intensify the fight between the extreme conservationists who want no dams in the Columbia Basin because of the damage they do to fish, and the extremists on the other side who don't care what happens to the fish resource.



On top of this the decision said that Nez Perce could be built by either the Federal Government or private power companies. That will, of course, intensify the fight raging around the Eisenhower administration's partnership plan for water-resource development.

When historians study development of the middle Snake River and the Federal Power Commission decisions that affected that development they are going to have some trouble finding their way through the confusion. It's too much for us and we've been seeing it happen.

We're not at all sure about this most recent fiasco. At first look it appears to have some resemblance to something that a bush-league umpire does. If he calls a strike a ball and the pitcher complains he'll call the next ball a strike. Perhaps the FPC thought that the error at Hells Canyon could be erased by giving the complainants Nez Perce. If that was it we need a new umpire.

[From the Evening Astorian-Budget of January 21, 1958]

#### FPC DOESN'T CARE ABOUT FISH

The Federal Power Commission seems to have only casual interest in the problem of conserving fish runs of the Columbia Basin.

In its decisions regarding permits for power dams, it either ignores the protection of salmon runs or dismisses this as a minor matter.

It granted permits for dams on Deschutes and Cowlitz Rivers with total disregard of the fact these dams would destroy the two streams as spawning factors, and in the Cowlitz case, in defiance of a Washington law forbidding damming the stream.

The FPC now has denied permits for Mountain Sheep and Pleasant Valley Dams on the Snake River on the grounds that they would interfere with plans for higher Nez Perce Dam downstream.

Nez Perce Dam is opposed bitterly by both commercial- and sport-fishing interests because it would block major tributaries used by spawning salmon, but FPC evidently is ready to issue a permit for its construction.

The FPC dismissed the fishery problem at Nez Perce Dam with a passing comment that the "outlook is promising" for getting salmon past a high dam such as Nez Perce.

The FPC evidently made only casual, if any, investigation of this aspect of the problem, or it would have learned that fishery biologists are far from sure that the problem of getting fish past high dams is going to be solved.

The Snake and its tributaries are vital to preservation of the salmon runs of the Columbia, as they provide the major remaining spawning grounds for those races of salmon which go upstream to spawn. Loss of the Snake, through a blockade at Nez Perce Dam, could prove fatal to the commercial fishing industry and to the sports salmon fishery as well.

The FPC, which obviously doesn't care a hoot about the welfare of the fishing industry, is willing to risk that industry's very existence on a mere "promising outlook" that the high-dam problem will be solved. If the promising outlook doesn't materialize, it's no skin off the FPC's nose. Probably its members don't like canned salmon anyway.

There is something wrong with a setup that gives virtual dictatorial power over use of waters of the Columbia River Basin to an agency like the FPC which is concerned with only one aspect of use of the rivers—electrical power—and seems perfectly content to sacrifice any other interest that interferes with a development of the basin based solely on electrical power.

[From the Oregon Statesman of January 22, 1958]

(By Charles A. Sprague)

The decision of the Federal Power Commission rejecting the applications of the Pacific Northwest Power Co. for licenses to build two dams on Snake River throws development in that section of the stream into a tizzy. The applicant is a combine of private power companies serving the Northwest: Montana Power Co., Washington Water Power, Pacific Power & Light and Portland General Electric. The sites applied for were Mountain Sheep and Pleasant Valley, both below the Hells Canyon site now under license to Idaho Power Co.

The Federal Power Commission agreed with its engineering staff rather than its examiner. The former recommended denying the permits and substituting a giant dam at Nez Perce site below the junction of Salmon River with the Snake. The examiner recommended that the two-dam program of the power combine be approved. The Federal Power Commission rated the Nez Perce site as superior and indicated it could be developed either by private companies or the Federal Government.

The hitch on Nez Perce, whose advantages have long been recognized, both for power and for flood control, has been the impediment of a high dam to fish migration up the Salmon and Imnaha Rivers. The former is a principal spawning ground for the spring run of Chinook salmon. Recognizing this the Corps of Engineers has not pressed for a high dam which would halt fish migration. The only organized group promoting it is the Pacific Northwest Association of Public Power Agencies.

The Federal Power Commission seems to have tossed aside this objection to Nez Perce rather cavalierly. It comments that the "outlook is promising" for getting migrating fish around high dams; but it is still a grave question whether fish runs can be maintained in adequate size within reasonable expense. Its conclusion cannot be accepted as valid in the present state of knowledge of fish conservation. Perhaps the benefits of kilowatts and prevention of flood damage outweigh the value of the salmon runs, but the people are not ready to wipe out the salmon industry thus summarily.

There is one other alternative, proposed by the Reclamation Service and endorsed for study by Secretary of the Interior Fred Seaton. This is a high dam at Pleasant Valley which would flood the Hells Canyon site. This would augment the water storage which the Corps of Engineers has been trying to provide. The current budget includes an item for a survey of this project. The FPC, however, ignored this alternate, throwing its favor to Nez Perce.

As for building at Nez Perce, who would undertake it? The PNPC has spent some \$2.5 million in engineering surveys, economic studies, and legal expenses, including the cost of presenting its case in prolonged hearings before the FPC. This sum seems a total loss now. It will be reluctant to make a fresh outlay, particularly to incur the hostility of commercial fishing interests. The Federal Government at this juncture will hardly authorize a project of this magnitude, \$430 million; and it seems beyond the financing capability of local PUD's.

So Northwest river development again is left in a tangle, with no early solution in sight. This supplies argument for a regional public agency, or at least for a regional planning agency which could coordinate basin development. Such are the ingrown rivalries that neither seems likely of early realization.

[From the Oregon Journal of January 22, 1958]

#### STALEMATE ON THE SNAKE

The most predictable result of the Federal Power Commission's decision denying the Pacific Northwest Power Co. a license to build Pleasant Valley and Mountain Sheep Dams on the Middle Snake River is that there will be no development of any kind on that part of the Snake for many years to come.

It forces a revision of the 10-year power projection by Bonneville Administrator William A. Pearl which saw adequate supplies of power for the Northwest for that period. His estimates included the 1,183,000 kilowatts which would have come from these two dams.

The FPC's decision is based on the superiority of Nez Perce Dam, which would be located on the Snake below the confluences of the Salmon and Imnaha Rivers. Nobody questions the superiority of Nez Perce from purely an engineering standpoint. But no public agency or private company has so far proposed building Nez Perce because it would jeopardize 25 percent of the Columbia River's salmon fishery.

The present ruling would seem to contain an invitation for either the Army engineers, the Bureau of Reclamation, or the PNP itself to apply for construction of Nez Perce. The Army engineers are eyeing Nez Perce in their review study of the 308 report. The Bureau of Reclamation has been concentrating its attention on a study of a higher dam at Pleasant Valley. This decision may cause it to reverse its field. A spokesman for PNP once told us the company probably would have applied for a license to build Nez Perce except for the fish problem and might be forced to take the course if the Pleasant Valley-Mountain Sheep application were denied.

But one thing is sure: Whoever proposes to build Nez Perce, the commercial and sports fishing interests are going to fight it tooth and nail, and that is why we say it is going to be a long time before anything is built there.

It is true that studies are being made of ways to pass fish over high dams, and the FPC seems to be confident the solution is in sight, but no reputable fish biologist confirms this. Basically, the FPC probably has little regard for fishery values.

The loss of the kilowatts from Pleasant Valley and Mountain Sheep Dams is a particular blow to Oregon, because here was a potential source of power which would not be affected by the preference clause through which increasing kilowatts from Federal projects will be drained from our State to neighboring Washington. Nevertheless, for the overall benefit of the Pacific Northwest, this decision makes all the more imperative the speedy construction of John Day as a Federal project.

And the long postponement of any further development in the middle Snake adds urgency to some kind of settlement with Canada on developing the Upper Columbia, the best source of storage and power in the whole Columbia Basin.

[From the Eugene Register-Guard of January 22, 1958]

#### FPC IGNORES SEATON'S SENSIBLE PLAN

The Federal Power Commission, in denying a license to Pacific Northwest Power Co. for dams at Pleasant Valley and Mountain Sheep sites on the Snake River seems to have made a full circle.

The FPC refused a high Federal dam at Hells Canyon and granted licenses to Idaho Power Co. for three smaller dams in this stretch of the Snake. Now the FPC has recommended that the huge Nez Perce Dam, a project downstream from the confluence of the Salmon, Imnaha, and Snake Rivers, be

built either by the Federal Government or private companies.

The Nez Perce Dam, backing up 6 million acre-feet of water, would block fish runs that are valuable both commercially and sports-wise to the Northwest. It is bitterly opposed by fishing interests and conservationists. The FPC says that methods can be devised for taking care of fish if the big dam is built, but this is doubtful.

In taking this action, the Power Commission has performed one beneficial act and also performed a bad one. It precludes construction of the two smaller dams proposed by Pacific Northwest Power, which is good, because these would not, in our opinion, meet requirements of sound development of the Columbia Basin. They would provide needed power, probably quicker than any other method, but they would not meet water-storage requirements. But proposing Nez Perce was poor, especially when the Commission ignored the most sensible proposal for this stretch of the Snake.

One year ago, in January 1957, Interior Secretary Fred Seaton, who has done more sound thinking on natural resources than most people in Washington, asked the FPC to delay action on the PNP license requests while the Government studied the feasibility of a high dam at the Pleasant Valley site.

A preliminary study convinced Mr. Seaton that a high dam (690 feet instead of the 534 feet PNP proposed) would be feasible, that it would produce 1,250,000 kilowatts of power, and that together with Brownlee, now under construction by Idaho Power, would give as much water storage as a high dam at Hells Canyon. It would preclude construction of Nez Perce which, in our book, should not be built.

A high Pleasant Valley dam would flood out the site of Idaho Power's small Hells Canyon dam, but this project has not been started as yet. It has even been suggested that Pacific Northwest Power get together with Idaho Power and construct a high dam at Pleasant Valley. This suggestion makes good sense, particularly for Oregon, which is served mainly by private power companies. But so far as there has been no inkling of any such action by the private firms.

In the meantime, we have another stalemate. Nez Perce will be fought bitterly; PNP has taken no action to construct projects that will meet overall basin needs, and the sensible proposal by Mr. Seaton remains dormant in the limbo of partisan politics.

#### EXTENSION OF CERTAIN PROGRAMS UNDER DOMESTIC TUNGSTEN, ASBESTOS, FLUORSPAR, AND COLUMBIUM - TANTALUM PRODUCTION AND PURCHASE ACT OF 1956

Mr. DIRKSEN. Mr. President, I introduce, for appropriate reference, a bill to extend for 1 year certain programs established under the Domestic Tungsten, Asbestos, Fluorspar, and Columbium-Tantalum Production and Purchase Act of 1956. I ask unanimous consent that the bill lie on the desk through tomorrow, Thursday, January 30, 1958, so that other Senators may join as cosponsors, if they so desire.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Illinois.

The bill (S. 3186) to extend for 1 year certain programs established under the Domestic Tungsten, Asbestos, Fluorspar,

and Columbium-Tantalum Production and Purchase Act of 1956, introduced by Mr. DIRKSEN, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

#### DAIRY STABILIZATION ACT OF 1958—ADDITIONAL COSPONSOR OF BILL

Under authority of the order of the Senate of January 27, 1958,

The name of Mr. PROXMIER was added as an additional cosponsor of the bill (S. 3125) to provide an adequate, balanced, and orderly flow of milk and dairy products in interstate and foreign commerce and for other purposes, introduced by Mr. HUMPHREY (for himself and Mr. WILEY) on January 27, 1958.

#### ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. NEUBERGER:

Address delivered by Senator PAUL H. DOUGLAS before National Women's Democratic Club on subject Economic Realities and Administration Optimism, on January 27, 1958.

By Mr. BUTLER:

Address delivered by him on the subject Business and Propaganda, at Franklin Day dinner of Graphic Arts Association in Baltimore, Md., on January 16, 1958.

By Mr. PROXMIER:

Statement by him on the 197th anniversary of the birth of Albert Gallatin.

#### DANGERS TO THE ECONOMY OF THE PACIFIC NORTHWEST IN INCREASED TRANSPORTATION COSTS

Mr. NEUBERGER. Mr. President, in the 1st session of the 85th Congress, I proposed legislation for elimination of the 3-percent Federal tax on freight and the 10-percent Federal tax on passenger travel.

On March 27, 1957, when I made my statement on the Senate floor, I called attention to a great basic injustice in this tax which has been particularly hurtful to the economy of the West. I said at that time:

This tax is, in particular, a discrimination against the 11 States of the Far West. Those are the States which extend from the Rocky Mountains to the Pacific coast. In effect, it is a high protective tariff against manufacturing and industry in the Western States.

Let me cite a few statistics which will demonstrate just how discriminatory this tax is against the Far West. Within 500 miles of Pittsburgh, Pa., is found 55 percent of the Nation's population. In addition, in the same area is an overwhelmingly greater portion of American industry and the consumer market. The State which I represent in part is from 2,000 to 3,000 miles from points within that circle around Pittsburgh. A carload of lumber produced in my State will be assessed freight charges of \$675 for shipment from Portland, Oreg., to Pittsburgh. Transportation charges for the same carload

of pine from forests in the South—from Georgia, for example—are only \$410. Thus, the Federal excise tax on transportation collected from the Oregon lumberman is 40 percent greater than that paid by Georgia lumberman. The South, in turn, suffers under the levy with comparison to areas still nearer to large eastern markets.

I could go on and cite similar discriminations on canned goods, on farm produce, and other items produced in our Far Western States.

The 3-percent freight tax, in particular, acts to make the western product, whether it is fruit, vegetables, lumber, canned fish, plywood, or any other product, more costly in the markets of the East, where most of the American consumers live.

Today, the Interstate Commerce Commission is holding a hearing on Ex parte 212, which, if it goes into effect on February 1, 1958, as announced, will increase the freight charges, while at the same time it will compound the injustice this discriminatory tax already is inflicting with greatest intensity in the Pacific Northwest.

Mr. President, to emphasize the severity of the threatened blow to the economy of my area which is inherent in Ex parte 212, I ask unanimous consent to have printed in the RECORD my letter of protest of January 28, addressed to Mr. Howard C. Freas, Chairman of the Interstate Commerce Commission.

I also request unanimous consent to have printed in the RECORD the following editorials which bear pertinently on this subject: An editorial entitled "Rail Problem More Than Rates," from the Oregon Journal of January 21, 1958; and an editorial entitled "Tax That Helps Nobody," from the Portland Oregonian of January 23, 1958.

There being no objection, the letter and editorials were ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,  
COMMITTEE ON INTERIOR  
AND INSULAR AFFAIRS,  
January 28, 1958.

HON. HOWARD G. FREAS,  
Chairman, Interstate Commerce Commission, Interstate Commerce Commission Building, Washington, D. C.

DEAR CHAIRMAN FREAS: I have had many strong-worded protests from the shippers in Oregon relative to the proposed increase in freight rates (Ex parte 212) to become effective February 1, 1958. The most strenuous protests have been voiced on the proposed increase in lumber rates. It is to this increase that I wish especially to call your attention.

Oregon's lumber industry, for several months, has been seriously depressed because of decreased housing starts resulting from the long-prevailing tight-money policy. But the situation in part, at least, has been caused by ever-increasing freight rates. Since June 30, 1946, to the present, depending on the kind of timber product shipped, freight rates have been granted by the Commission ranging from 110.3 percent to 122.4 percent.

Specifically freight-rate increases on products of Oregon's forests granted by ICC since June 30, 1946, to the present, are as follows: 110.3 percent, posts, poles, piling, ties, shingles, laths, box crate and cooperage material, plywood building woodwork, etc.; 117 percent, logs, fuel, and pulpwood; 122.4 percent, other products of forests, resins, turpentine, etc.; 122 percent (approximately), miscellaneous items.



Growing use of substitute and competitive building materials have also worsened the situation. A disturbingly high record of bankruptcies in Oregon, in the last year, includes a high proportion of businesses engaged in one phase or another of the lumber industry. The additional increase in freight rates on lumber of about 2 percent, now proposed to become effective on February 1, 1958, could contribute materially to the failure of many more firms engaged in the lumber industry. This excerpt from a letter of a small lumber dealer in Oregon points out clearly the financial disaster which is increased by excessively high freight rates.

"For example, our company shipped during the year 1957 approximately 700 carloads of lumber from the west coast to eastern markets. Assuming our volume of business will be equal in 1958, these increased freight charges could amount to an excess of \$3,200 based on our 1957 shipments. When you compare this to the fact that our company after payment of all taxes, salaries, etc., netted slightly more than \$2,000 for the year's efforts you can readily see that we can look forward to a net operating loss during the year of 1958 of something in the vicinity of \$1,200. We point this out to illustrate how this one action on behalf of the Interstate Commerce Commission could affect our individual company and we believe other companies as well, for the methods of operation from one company to the next are very similar."

Filing of the increased rate was announced by the ICC the last week in December 1957 to become effective February 1, 1958. Obviously, this is not sufficient time to allow the lumber industry to study the proposed increase and prepare an effective case for presentation before the Commission. In view of this, I strongly urge that the Commission suspend the rates, in order that the lumber shippers may organize and properly present their case in a later hearing. In a letter to the Oregon delegation, Gov. Robert D. Holmes emphasized the inadequacies of the time allowed to file their protest. The Governor stated that "This order and the supporting statements of the railroads which, of necessity, have to be answered by the public by January 20, were not received by this office or any Pacific coast commission prior to January 6 or 7, 1958. This left exactly 6 working days in which to review voluminous statements of railroad officials and thereafter prepare evidence and exhibits in opposition to the proposed rail increases. It is utterly impossible for the Oregon Public Utility Commissioner's staff properly to prepare any type of responsible exhibits or evidence in this short space of time."

He further points out the adverse effects of this proposed increase, in his letter, when he stated:

"Proposed increases provide a flat 10 percent increase in log-hauling rates. Log hauling is nearly 100 percent intrastate commerce. No evidence or statements have been submitted by railroads in support of this increase. If these rates are approved in interstate commerce, the ICC may bring section 13 proceedings against Oregon to force a 10 percent increase in intrastate rates on log hauling in Oregon. At the same time, and this is important, no increase has been proposed covering log hauling within and between Southern States. This is the grossest kind of discrimination."

On January 22, 1958, Secretary of Labor James Paul Mitchell, announced that Oregon was a surplus labor area. Of the approximately 70,000 unemployed workers, a heavy percentage of them had been employed in the lumber industry. If the proposed increases in freight rates are allowed to become effective, the inevitable result can only mean a further decrease of lumber shipping, in Oregon, and another sharp increase in unemployment.

During the Senate hearings on the current condition of railroads on January 13-17, 1958, it was pointed out that the railroads were pricing themselves out of the market on many commodities. The proposed rate increase inevitably would become another case in point. Ultimately there would be an even greater decline in the movement of Oregon lumber with a consequent serious loss of freight revenue to be expected by the railroads. This would seem to be the inevitable result of a questionable rate increase, at this time.

In view of these inescapable conclusions, I reiterate my request that the proposed rate increase be suspended and sufficient time be given the shippers to prepare and present their case against the proposed increase.

I would invite your close study of the accompanying letters from Oregon lumber firms and individuals which emphasize eloquently the points I have tried to summarize in my brief statement. Such study, I am sure, will prompt you to suspend the proposed increase and allow the shippers to prepare and present an orderly case in defense of their position opposing Ex parte 212.

With kind regards, I am,

Sincerely,

RICHARD L. NEUBERGER,  
United States Senator.

[From the Oregon Journal of January 21, 1958]

#### RAIL PROBLEM MORE THAN RATES

If the Interstate Commerce Commission allows the railroads to impose their February 1 rate increase of 2 percent on lumber and lumber products, it will be a discriminatory and below-the-belt blow at the Pacific Northwest.

It also will be a break from the traditional method of establishing new rates in a manner to cause the least effect upon long-established marketing methods.

There is little argument against the fact that railroads need either more revenues or decreased costs. Some increase in rates is part of the answer, as is the possibility of change in some of the antiquated and red-tape laws under which they are forced to operate.

Thought should be given to the other phases of the railroad's problem as well as the simple procedure of continuing to raise rates. A new rate boost is under discussion for next fall when another automatic wage increase becomes effective.

For long-haul areas such as the Far West, and especially for its forest industry which supplies a third of the Nation's lumber and the lion's share of all softwood plywood, flat percentage rate increases are dangerous and promise economic disruption.

Southern lumbermen, the West's heavy competitors in the populous Midwest and East, have a short haul and, on a percentage increase, save heavily in cash over the West.

Our lumbermen, who paid or were forced to charge customers \$8.88 more than the South for hauling 1,000 board-feet of lumber into Chicago in 1946, now have a \$12.38 disadvantage—more into the East.

Despite this, our lumbermen have indicated indirectly that they realize the dilemma of the railroads by asking an alternative rate increase—a holddown of 2 cents per 100 pounds (the increase on a long haul could not be more than that) in lieu of the flat 2 percent the railroads requested with tongue in cheek.

Such a holddown is based on the 2 percent increase southern lumbermen would pay from Hattiesburg to Chicago, thus maintaining at least close to the present relationship between southern and western rates.

At least the West, with an estimated 150 of its sawmills and several plywood plants closed by poor markets in the past year, would not be placed in a worse competitive position at a time when an added 25 to 41

cents per thousand board-feet transportation cost would have to be absorbed by the mills and would be enough to bring further closures.

In the meantime, railroad men in the past week have been testifying before Congress that they need better opportunity under law to reduce fares where they are in competition with trucks and other transportation methods. An official of one major western road testified that the rails "are not able to change [rates] rapidly enough to give the farmers the benefit of more efficient lower cost rail transportation," in referring to the hauling of farm products.

Important in the current upward pressure on rates, he pointed out that antiquated laws prevent diversification that has helped other industries meet competitive ills, tax structures prevent acquisition of sufficient capital to meet requirements of the present and immediate foreseeable future, the 3 percent excise tax on freight charges and 10 percent on passenger fares and myriads of other regulations leave the roads in a snarl of redtape and cost problems.

The 2-cent holddown rate increase would appear feasible as an emergency measure now, but let us also look into the other phases of the railroads' problems, too, for at least part of future answers. Their problem is a national one and among those deserving high priority.

[From the Oregonian of January 23, 1958]

#### TAX THAT HELPS NOBODY

In a statement submitted to the Surface Transportation Subcommittee of the Senate Committee on Interstate and Foreign Commerce, President D. J. Russell, of the Southern Pacific, made this comment, among others:

"One of the desirable changes in ICC policy under existing law would be for the Commission to permit the railroads to follow to a maximum degree their own managerial discretion in making rate adjustments. This would apply to both increases and reductions.

"In our western territory, well over 90 percent of our interstate freight traffic moves under individual commodity rates voluntarily established by the railroads on levels below the rates prescribed by the Commission. Southern Pacific and the other railroads have established these commodity rates over the years at relatively low levels to promote the movement of particular commodities between designated points and in order to meet marketing situations or competitive conditions."

In other words, the railroads are not charging western shippers all the ICC allows. The implication is that if the roads were released from some of the Government restrictions, which are helping drive business to other forms of transportation, they still would not bear down.

This would be more reassuring if, at the same time the railroads are appealing to Congress for more freedom of operations, they were not also attempting to obtain from the ICC another 2 percent increase in lumber freight rates. Such an increase would place western lumbermen at a further disadvantage in competing with southern mills in the eastern markets.

The railroads have made a strong case before the Senate subcommittee. Intercity freight traffic by rail dropped from 75 percent in 1930 to 48 percent in 1956. Intercity passenger business of the railroads in the same period declined from 15.6 percent to 8.08.

The lost business has gone to "subsidized" air, highway, and water transportation.

Among the things the railroads have asked are: Freedom to make competitive freight rates, without the long delays and sometimes refusals involved in ICC rate cases; a fair break with motor carriers in the matter of

exemptions from controls in transporting agricultural commodities; and freedom to engage in other modes of transportation.

Surface carriers are practically prohibited from engaging in any form of air transportation, said Mr. Russell. Rail carriers are severely handicapped in any endeavor to engage in highway and water transportation. There is no present danger that the railroads could obtain a monopoly in any other form of transportation, he declared. Instead, the principal opponents to the removal of legal restrictions in this regard are those who are at present entrenched in motor, air, or water transportation.

Not all will agree that there would be no danger of monopoly if railroads were turned loose to raise or lower rates at will and to enter without restriction into competition on the highways, the waterways, and in the air.

But one thing all appear agreed on: the 3 percent Federal excise tax on freight and 10 percent on passengers should be repealed.

The Union Pacific has reprinted a statement attributed to Edward R. Jelsma, Director of the ICC Bureau of Transport Economics and statistics, that the Government would gain rather than lose by removing these taxes. In 1956, the Government collected \$450 million from the freight excise tax. But shippers deducted this from income as business expense and the net return to the Government was only \$247 million. It is estimated that repeal of the tax would give railroads \$861 million in business now handled by private transportation, which is untaxed. Income taxes on this would total \$271,400,000. Along with taxes on revenues recaptured by other carriers, the Government might be \$90 million a year better off without the excise tax than with it.

Whatever the railroads may obtain from Congress in legislation improving their competitive position, certainly the public can expect repeal of this tax which nobody wants and which is of little, if any, value to the Government as a revenue raiser.

#### URSULINE DAY IN ILLINOIS—PROCLAMATION BY GOV. WILLIAM G. STRATTON

MR. DIRKSEN. Mr. President, I ask unanimous consent to have printed in the body of the RECORD the proclamation issued by the Honorable William G. Stratton, Governor, State of Illinois, proclaiming January 26, 1958, as Ursuline Day throughout Illinois. This is, indeed, high recognition of their activities in the field of Christian education.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

#### PROCLAMATION BY GOV. WILLIAM G. STRATTON

Whereas the convent of St. Joseph of the Ursuline Order of Nuns was established in Springfield 100 years ago for the purpose of bringing Christian education and culture into this community; and

Whereas the quality of their teaching was recognized by people of all religious denominations who were seeking the best in education; and

Whereas the Ursuline Nuns have continually improved, expanded, and made new additions to their educational facilities, and today Springfield Junior College stands as one of the finest coeducational institutions of higher learning in this State: Now, therefore,

I, William G. Stratton, Governor of the State of Illinois, do hereby proclaim January 26, 1958, as Ursuline Day throughout Illinois, and officially invite the attention of our citizens to the many worthwhile educational and cultural contributions of one

of the first religious orders of women to establish themselves within the borders of this State.

In witness whereof, I have hereunto set my hand and caused the great seal of the State of Illinois to be affixed.

Done at the statehouse, in the city of Springfield, this 23d day of December 1957, and of the State of Illinois the 139th.

#### NEED FOR INTERSTATE HIGHWAY BETWEEN PORTLAND AND SPOKANE

MR. NEUBERGER. Mr. President, a direct highway link between Portland, Oreg., and Spokane, Wash., would be of great strategic and commercial importance. Such an addition to the Federal Interstate Highway System would provide a direct link with Portland of the giant Atomic Energy Commission's facilities at Hanford, Wash., and provide a direct commercial link with the inland empire area of eastern Washington, northern Idaho, and western Montana.

This proposed additional link in our Federal Interstate Highway System would mean the addition of some 125 miles of highway, following the present route of U. S. Highway 395, starting at Boardman, Oreg., on U. S. 30, serving the cities of Pasco and Kennewick, Wash., and running up to Ritzville, Wash., where it would connect with U. S. 10. Highways 10 and 30 are already part of the Federal Interstate Highway System.

Mr. President, last December 16, 1957, I wrote Mr. Bertram D. Tallamy, Federal Highway Administrator, and urged the inclusion of the vital highway link providing a direct water-level route between Portland and the inland empire in the Federal Interstate Highway System. The Portland Oregonian, in an effective editorial of December 21, 1957, stated the important reasons why such an addition should be made to the Federal Interstate Highway System.

Mr. President, I ask unanimous consent to have printed in the body of the RECORD a copy of my letter of December 16 to Mr. Tallamy, together with the editorial of December 21 from the Oregonian.

There being no objection, the letter and editorial were ordered to be printed in the RECORD, as follows:

PORTLAND, OREG., December 16, 1957.

MR. BERTRAM D. TALLAMY,  
Federal Highway Administrator,  
Bureau of Public Roads,  
Department of Commerce,  
Washington, D. C.

DEAR MR. TALLAMY: I am writing to you regarding a proposed extension of the Federal Interstate Highway System which would be of great strategic importance to our country and, at the same time, provide an important commercial link, uniting important parts of the population of the Pacific Northwest.

Officials of the Portland Chamber of Commerce and the Retail Trade Bureau have talked with me at some length regarding the desirability of providing a modern, Federal highway route between Portland, Oreg., and Spokane, Wash. This route would also serve the vitally and strategically important Hanford, Wash., atomic facilities of the Atomic Energy Commission.

Specifically, the added route would involve an additional mileage of about 125 miles, linking the present United States Highway

30 with United States Highway 10. I would suggest that the extension follow the route of the present United States Highway 395, starting at Boardman, Oreg., on U. S. 30, and serving the cities of Pasco and Kennewick, Wash., and running up to Ritzville, Wash., where it would connect with U. S. 10.

This proposed extension would provide a direct link between Spokane, Wash., and Portland, Oreg., and would connect the natural flow of commerce and traffic of the inland empire area of eastern Washington, northern Idaho, and western Montana with Portland and its water level route down United States Highway 30. The vital Hanford atomic works would be linked with Portland.

I hope that you and your associates in the Bureau of Public Roads can give serious and important consideration to this proposed addition to our Federal Interstate Highway System. I plan to discuss this matter further with you when I return to Washington.

With best wishes for the holiday season, I am,

Sincerely,

RICHARD L. NEUBERGER,  
United States Senator.

[From the Portland Oregonian of December 21, 1957]

#### HIGHWAY QUID PRO QUO

Senator RICHARD L. NEUBERGER should receive wholehearted support from the Portland-Vancouver area and other lower Columbia communities for his proposal that Portland and Spokane be linked by the Interstate Highway System. Senator NEUBERGER has written Bertram D. Tallamy, Federal highway administrator, asking that the Bureau of Public Roads give serious consideration to adding approximately 125 miles to the interstate network between Boardman, Oreg., on Highway 30 and Ritzville, Wash., on Highway 10.

Such a superhighway would have both strategic and commercial value. It would assist the natural flow of traffic along the Columbia River water-grade route between the inland empire and the lower river ports. It would link the Hanford atomic works with Portland.

It is hardly conceivable that the Bureau of Public Roads can refuse the request, since it recently added 132 miles in south-central Washington, connecting Ellensburg and Pendleton. This addition to the system had not even been requested by Washington highway officials. Military needs were given as the reason for that departure from the original plan. Defense of the country should demand as easy communication between Spokane and Portland as between Salt Lake City and Seattle.

Actually, both routes probably would have more commercial than military value. The one already established would facilitate Seattle's motor traffic with eastern Oregon, southern Idaho, and Utah. The Spokane-Portland link would give eastern Washington, northern Idaho, and western Montana freeway access to the easy, water-level route. If one road is to be built with 90 percent Federal aid, then, in all fairness, both should be.

MR. SPARKMAN. Mr. President, I suggest the absence of a quorum.

THE PRESIDING OFFICER (Mr. NEUBERGER in the chair). The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

MR. SPARKMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

THE PRESIDING OFFICER. Without objection, it is so ordered.



# ADDRESS BY TURKISH AMBASSADOR BEFORE NEW YORK BOARD OF TRADE

Mr. GREEN. Mr. President, I ask unanimous consent to have printed in the RECORD a fine and informative address by His Excellency H. E. Suat Hayri Urguplu, Turkish Ambassador to the United States, which was delivered before the New York Board of Trade on January 16, 1958.

I also want to take this opportunity to commend Ambassador Urguplu for his statesmanship and leadership in behalf of improving American-Turkish relations. He is new to our country but has already won many hearts for himself and his Government.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. President, gentlemen, it is indeed a pleasure to be here with you. I am sincerely grateful to the directors of the New York Board of Trade for offering me this opportunity of addressing this gathering of such distinguished businessmen and personalities well known in the field of economics and finance.

I am a lawyer by profession and have made a career of politics and diplomacy. Therefore, in trying to explain to you Turkey's economic problems, difficulties, and their proposed remedies, I beg your indulgence if I do not talk to you in the language you are accustomed to in dealing with economic matters. For the same reason, I shall omit details and technicalities, and endeavor to draw a general picture.

If I am not discouraged in venturing into this unfamiliar field, it is because of one fact: During the 4 months that I have been in the United States, I have noted the quest of the Americans for truth and realities. I have learned that one of the many admirable characteristics of the American Nation is that it is receptive to new ideas. You listen to all views, even to criticism of your own affairs by others, with a maturity which surpasses tolerance. I, thus, take the liberty of talking openly and frankly to you.

As you know, Turkey is a fairly large country—about 300,000 square miles (294,500 square miles) in area. Our population is over 25 million, of which about 80 percent is rural and dependent upon agriculture for their livelihood. It is a country of varied climatic conditions, rich in natural resources, favorable to a large variety of agricultural products, cattle raising and fishing, with a potential mineral wealth, and a highly promising economic future.

About 15 different companies—many of them American firms—at present are engaged in the search for oil and the development of petroleum industries in Turkey. Since petroleum is plentiful in the general area, and since there are indications that it exists also in Turkey, we are confident that soon we shall have oil too in sufficient quantities.

The Turks are a modest, unambitious people, used to difficulties and hardships, uncomplaining, obedient, somewhat slow but hard working. They like the good and the new, adopt them easily, and yet are firmly attached to their traditions and country.

It would be an inexcusable omission for an Ambassador not to mention Turkish-American relations.

Up to the present time, there has been absolutely nothing to cast even the slightest shadow on the friendship between the United States and Turkey. This is a friendship based on mutual appreciation and respect and on legitimate common interests. We are continuing and closely watching over this deep-rooted relationship.

In addition, we are allies within NATO, and are working together in the committees of the Baghdad Pact. Thus our cooperation in the maintenance of world peace and security is complete.

The latest scientific and political advances of Russia have had no effects in Turkey. The Turks have been amazed to learn that they had produced a psychological shock here in this country and in the world. Even if these Russian successes should go further than the experimental stage, we are convinced that it is the human element, the historical worth and heroism of nations, which would be decisive in the end. We firmly believe that the American people are capable of closing every gap, and would show the heroism inherent in their history. We know that our future, the happiness and prosperity of both our nations, lie in our determination to maintain this unity of purpose unharmed.

Let me now turn to economic problems.

The Turks have been a fighting nation all along their history. We have had continuous wars for centuries. In the last 300 years, we have had 13 major wars with Russia alone, totaling some 57 years. We spent the remaining 243 years in an armed cold war, which is still continuing. If we add to this the other wars we have had, it is not difficult to see why Turkey remained an economically underdeveloped country.

Turkey maintained its political independence, in spite of the fact that some of these wars were lost. But, then, we have had to concede economic privileges to the victors. Some of our richest resources were turned over to foreign powers. They were used and fully exploited to our disadvantage. The Turks were excluded from their operation and economic administration.

When, shortly after the end of World War I, Turkey, under Atatürk, emerged from its war of independence, this situation was changed. The Turks, for the first time, assumed full charge of their national resources and economic affairs.

As a result of all these circumstances, we were some two centuries late in starting our economic development. It is only for the last, say, 25 years that we have been directing our energies toward that purpose. That is a very short time in the life of a nation, and it must be admitted that in our economic and industrial life we are yet very young and inexperienced. Thus, our actions in this field, as those of a very young person, may sometimes be rash, overconfident, and may contain a certain percentage of error.

But that is normal. There are countries and empires today which have had centuries of experience in trade and industry. They have large numbers of trained and experienced personnel, rich resources and accumulated capital, and they rule vast colonies still. In spite of all this wealth, these countries are striving still to solve very serious economic difficulties and are making every effort to obtain economic aid. Turkey's economic plight is not worse than theirs.

Now, to give you a general picture of Turkish economy, let me quote briefly from a report of the International Monetary Fund: "Until recently Turkey was essentially a self-sufficient and low income-producing economy, in which the majority of the population subsisted on the small produce obtained from the land by the hard work of a poorly nourished labor force, working with grossly inadequate tools. The volume of imports was small and was paid for by the exports of a few staple, semiluxury goods and some metals. There were few industries besides handicrafts, some textile, munition, and sugar plants, and a small steel plant were built in the thirties, and these, at least until 1946, were protected by severe quantitative restrictions. . . ."

What does this mean in actuality? Let us suppose that we are able to ride in a highly

developed American sputnik over the Turkish skies, and looking down on our instruments can see through the walls and roofs the daily life of the Turkish people. Let us also concentrate on the peasants or 20 million people living in 40,000 rural communities.

We shall see that a very great majority of these people live in villages, where the problems of water and lighting have not been completely solved yet. The essential requirements of some of them are lacking still. Their standards of living are not anywhere near those of the American rural population, nor even those of the European peasant. At sunup, the Turkish peasant leaves for his field, together with his wife who works in the field also just as hard as a man, and together with his children, including his 4- or 5-year-old son to take care of the livestock.

Until sundown, he works and sweats over a soil which has been exhausted through at least five millenniums of actual cultivation, unaided by mechanical power, or by modern methods of irrigation, fertilization, improved seeds or insecticides. The returns of this extreme daily effort by the entire family are between 50 cents and a dollar. You may calculate that at the official or black-market rate; what difference does it make?

As I said, this is a realistic picture of over 40,000 communities in Turkey, where 20 million people live, including my own home village.

This is a major problem of Turkey which has been realized and efforts have been made from time to time to correct it. But the great Russian threat looming over us has compelled us to direct all the capabilities of the country to our security, to safeguard our very existence. We have had to maintain large forces under arms, feed and supply them. Thus, for the last 30 years, an average of 1 million people in their most active age was taken away from the productive labor force and was added on to the most expensive purely consumer group and this is continuing still.

I said most expensive, but this is a relative term and is only true within the framework of Turkish economy. The Turkish soldier who, as you all know, serves his country with the utmost self-sacrifice, and with enthusiasm, receives only 16 cents for 30 days as a nominal compensation. The means and facilities available for his food, clothing, and housing are equally very limited. (If I remember the figures correctly, it was disclosed at a recent Senate hearing that the annual maintenance cost of 1 Turkish soldier amounted to \$136, as against some \$5,500 for 1 United States serviceman.)

This general picture, naturally, brings us to Turkey's efforts for economic development.

The program which was followed for Turkey's recent economic development—again to quote the 1955 report of the International Monetary Fund—"consisted essentially of three basic points: (1) To utilize modern production tools and methods to speed up the expansion of production of agricultural produce, both by improvement in the yield of the area already under cultivation and by bringing under the plow lands which, because the existing equipment in the hands of the peasant was inadequate to cultivate them, had hitherto been used only as pasture; (2) to intensify the search for and to exploit the country's mineral resources with modern technical equipment, and, *pari passu* with the expansion of agricultural production, to improve public utilities necessary for agricultural and industrial development, such as electric power, harbors, transportation; (3) to encourage private enterprise in industry and trade and thus depart as speedily as possible from the previous statist management of the economy."

This program was put into effect and vigorously pursued for the last 8 years. The

results obtained were phenomenal. Let me try to illustrate this point by giving you certain figures—for, I know that you like, and especially insist on figures:

These are comparative figures and clearly show the contrast between the year 1950 and 1957.

	1950	1957
Total bank credits.....	\$1,330,000,000	\$7,701,000,000
Agricultural credits.....	324,000,000	1,926,000,000
Commercial credits.....	681,000,000	2,000,000,000
Industrial credits.....	262,000,000	1,900,000,000
Credits on real estate.....	78,000,000	472,000,000
Bank deposits.....	989,000,000	5,331,000,000

These figures are significant, of course, because they show the increasing volume of economic activity. Other figures are equally significant.

	1949-50	1955-57
Average agricultural production..... tons.....	9,118,000	19,613,000
By value..... liras.....	856,000,000	7,470,000,000

Number of industrial workers: 1950, 71,033; 1957, 253,061.

Let me also give you some figures on governmental activities. To take one area; namely, that of public education.

	1950	1957
Number of elementary schools.....	12,511	19,769
Number of secondary schools.....	343	551
Number of high schools.....	59	100

I do not wish to go into further detail. The comparative figures for roads, harbors, dams, power stations, and other public facilities, are equally impressive.

All these naturally required considerable capital investment, and our resources were limited due to our large military expenditures. However, we invested what we could afford—and some say, what we could not afford—in trying to improve the plight of our people. Our requirements were, and still are, enormous. Our limited resources and capabilities evaporated as a drop of water in the desert.

Let me now turn to some specific criticisms of Turkey's economic development.

May I say at the outset that sincere and wholesome criticism does not irritate us. What is distressing is that sometimes these critical objections are repeated as slogans by everybody, whether or not they know and understand the real facts or not, and are used knowingly or unknowingly, to determine our economic expansion. And sometimes even persons who know Turkey and who, we believe, are friends of Turkey take up this chorus.

The most general and common of these objections that I have heard or read is to the speed of Turkey's expanding economy. It is said that Turkey is expanding its economy through artificial measures, at a speed beyond its available resources; that the development has not been carefully planned; and that errors have been committed in putting it into effect.

This is undoubtedly the least comprehensible objection to the economic policy of Turkey. For decades, Turkey's inactivity in the economic field, and its reluctance to initiate economic development had been a subject of criticism. We were told that although the basic factors of industry, such as coal, iron, and power resources like water, were plentiful in Turkey, we were unable to develop them. We were told that although Turkey was spared from the direct devastation of the second World War, we had been unable to develop economically and to come to the

aid of the devastated countries. We were told by world-famous economic authorities; that Switzerland had only water, Germany only coal, and yet they were most highly industrialized countries; you have all of them and more, you have a large variety of minerals, various other raw materials; what is holding you from developing all these resources?

We are criticized because we have no plan. And yet, there was no plan in the American aid which has been largely instrumental in our development. No one told us that such and such an amount of aid would be forthcoming; that it would be spread over so many years; that we would plan its use together; and that we would then spend it according to this predetermined plan.

Now, I would like to ask those who object to the speed of our expansion: should we go back? Should we dismantle the few modest plants that we have been able to build through your generous aid; or should we leave them to crumble, before they are completed and have become fully productive? Our resources are expanding fast; our production is increasing rapidly. Should we stop that?

As I already admitted, we may have made some mistakes. But let me assure you, these are common mistakes and the responsibility is not ours alone. It is shared with you and it is our duty to work together to correct them. I have heard not one of my American friends claim that the aid program is working ideally. My best friends keep repeating sincerely that it would have been possible to put the program into better use and to obtain better results. The wisest course of action now is not to stop or to destroy, but to find and pinpoint our common mistakes and together try to correct them.

Furthermore, as I also mentioned, there are some great powers, rich countries with enormous resources, which have received and are receiving several times larger amounts of aid than Turkey from you. And yet they keep speaking of their economic crisis, and publicly repeat that they are ruined financially because of their high expenditures. They send high-ranking officials here to negotiate with your statesmen and to obtain further aid.

While we are spending our utmost efforts to correct our mistakes and to remedy our economic plight, I feel that we deserve some patience, tolerance, and understanding on your part.

Another common criticism which has been hurled at us is that we should devalue, put an end to inflationary pressures and tighten our belt in order to develop a balanced economy.

Turkey is making constant efforts to improve its economic and financial situation. We have tried devaluation twice during the recent decades: Once in 1944 and again in 1947. During the last years also, we have adopted what might be called a multiple-rate system, consisting of a tourist and retention quota rate besides the official rate of exchange. But devaluation is not the answer. We have learned by actual experience that devaluation can only be a remedy if a country has large quantities of goods which it cannot export or consume on the internal market. That is not the case in Turkey. We have no surplus stocks to get rid of. There is plenty of demand on the internal market. Our problem is to increase production and devaluation does not help that. During the two previous occasions, its effect was that our staple products on the market disappeared within 1 week. Cotton, tobacco, figs, raisins, or minerals vanished completely, and prices rose to exorbitant levels. Everything went to the black market. We tried also the complementary method of complete or partial rationing, during the First and Second World Wars. We have learned, also by actual experience, that it is virtually impossible to

apply an effective system of rationing in Turkey. The country is vast, production centers are very few, facilities for transportation or stockpiling are limited. Furthermore, the psychological characteristics and habits of the people are not favorable to the imposition of such a system, even if that were possible politically.

The high prices, which are attributed to inflationary pressures within the country, is the necessary price which we have to pay for the expansion of our economy, or the initiation of economic activity. It is the incentive that we have to provide, to put 20 million people to work economically, to induce them to adopt unfamiliar modern methods and to produce in a liberal economy of free enterprise. It is the only alternative that the West has to the methods of the totalitarian systems.

Rising prices are the necessary consequence of the facilities and plants which we have built, and which you have helped us build. It is the consequence of keeping large and consuming forces under arms, which we provide for our security and your own. May I add parenthetically that the Turkish land forces assigned to NATO are more than 24 divisions with 12 of them at the highest standards of preparedness. The Turkish divisions constitute some 28 percent of the total ground forces at present assigned to SHAPE or under the orders of your own General Norstad.

Under these circumstances, it is no longer possible to provide for the requirements of Turkey with a budget of 1 billion liras, as was the case in the middle forties. Our budget for this year has passed the 4 billion mark. And yet, just before the new year, almost 200 million liras were taken away and sterilized by the Central Bank. Is this the inflationary pressure that they are talking about?

May I say also a few words with regard to tightening our belts. I have tried to give you an idea of the living conditions and standards of the Turkish peasant and the Turkish soldier. And yet, they continue to live, work and serve with the highest degree of honor, self-sacrifice and courage. I can find no place for a new hole in their belts to tighten them. Most of them even have no belts. If anyone can find such a place for a new hole, without pushing them into further misery, let him show it to us.

We feel that it is our responsibility to provide for our people at least slightly better, but still very modest standards of living. We have not been able to give to our people yet one single lump of sugar a day, a suit of clothes, apart from his work clothes, which he can put on on Sundays and holidays, and one pair of shoes per year. We have not been able to do that yet, and we are working for it.

We have been criticized also that some of the factories and plants we built were not economical.

Let me point out first of all that a free society is not an economic machine. There are various other points, political points, social points, strategic points and others that have to be considered in reconstructing a country.

Just to take one aspect of it, we had very few industrial plants at the beginning of World War II. But, during the war, when we made them work 24 hours on 3 shifts, we learned their value. We know that, if a third war comes, the only assistance that a country could expect from its allies would be confined to some armed units and military materiel, to be airlifted overseas. Convoys carrying sugar, coffee, marmalade, textiles, shoes, or powdered eggs are now history.

Therefore, the line we have to take is clear: we must develop in peacetime the minimum means of production which would carry us through such an emergency.

Let me turn to my last point and discuss with you briefly our views on American aid.



I must say, first of all, that we are, as a nation, deeply grateful for the aid that we receive. We are also convinced that it is a wise investment of the United States, that it is being put to good use in Turkey, and that we deserve it.

I have been using the expression "American aid," for lack of a better term. The official wording is, of course, "mutual security." President Eisenhower, in his recent state of the Union message, called for the strengthening of mutual-security arrangements, and condemned the catchword: "giveaway" program. Secretary of State Dulles, in a speech he made in Chicago, on November 30, 1954, said: "In some cases, the local forces which seem necessary are larger than the local governments can support. If so, we help out. That, however, is not a 'handout.' It is something called 'foreign aid,' although I dislike that phrase. The correct and better phrase is mutual security."

Well, we feel the same way about the assistance that we receive. I am not, of course, talking about the military assistance, which is confined to military hardware and some supplies. That has very indirect and only negative repercussions on the economy, if any. I wish to limit myself to economic, or "defense support," assistance, as it is called. Let me mention some points with regard to the application of this program in Turkey.

Under this program and with the aid of American funds, a vast and very necessary system of highways was built. This, along with some other measures adopted, promoted economic activity in Turkey and brought the rural communities into direct contact with production centers and markets. Thus, the peasant was able to offer his produce to the market, and with the money he made, has entered into our economic structure as a consumer. Our difficulty starts there. When a rural population of 20 million entered the market as consumers, our internal production and stocks, and our imports were not sufficient to meet the demand. Our existing plants had to be operated at top capacity, on 2 or 3 shifts. The new industries which had been initiated had not, and have not, become productive yet. The machinery and installations of the existing plants depreciated rapidly. The wages and the demand for labor kept rising. Prices rose also. Demand and consumption increased rapidly and steadily.

To increase imports in order to meet the demand, we had to have more exports, and therefore, higher production.

But both in the agricultural and industrial sectors, production could not keep up with the tempo of the rising demand. It was not easy for the peasant to adopt new methods and techniques of scientific cultivation, of mechanized farming. As I have mentioned, the problems of irrigation, fertilizing, insecticides and seed improvement had not yet been entirely solved. These needed time. New industries also required time to become fully productive.

When this situation was coupled with the shortages of imported goods, which necessarily had to be restricted, the result was rising prices and the well-known difficulties which we are facing today.

In addition to consumer goods, we had to obtain from abroad the spare parts of our rapidly depreciating capital equipment, such as industrial machinery, railroad equipment, tractors, trucks, cars, etc. \* \* \* and some raw materials for our industry. We had difficulties there also due to our yet insufficient exports and foreign resources.

But spare parts and raw materials were essential to keep the economy going. So, we had to resort to long-term and medium-term foreign credits to obtain them, and through bilateral arrangements we had to earmark some of our future exports to the servicing of these credits. Our foreign-exchange re-

ceipts were thus further restricted. We did not receive the total counterpart of our exports, but had to allocate large portions of it to the repayment and servicing of our debts.

In addition, severe droughts and adverse weather conditions for the last 4 years, which have affected particularly our wheat-producing regions, have cost us at least \$300 million of good foreign exchange.

In short, in spite of all these difficulties, as I have already pointed out, our production is rising steadily and rapidly. However, a much faster increase in consumption, has both caused rises in prices, and has restricted our export capabilities.

My intention in drawing for you this picture in some detail is that although we are doing our best to increase our production, we are still far from our objective, and that the aid we receive falls very short of our requirements. Particularly that portion of aid which should or could be used to increase our production is insufficient.

Let me illustrate this point. For instance, in the Adana area, we have built the Seyhan Dam which cost over \$23 million. The dangers of floods were eliminated. The people of the region are grateful. But the funds required to complete the irrigation system, which is a much smaller sum, are not forthcoming. We have not been able to obtain the credit which we requested. As a result, the dam is only a wall for flood control, and one of the most fertile regions of Turkey is suffering from lack of irrigation, which was at least provided irregularly by floods before the dam was built.

Such examples may be multiplied. Many projects, as for instance in electrification, or the exploitation of our minerals have not become fully productive because they are incomplete. Thousands of farm tractors, trucks or other means of transportation, and even some of our major industrial plants have remained inactive because we cannot get the spare parts required for their activation. Some of our industrial plants, even those set up by foreign private capital, are in serious difficulty because of the shortage of raw materials and spare parts.

Since this problem, for one reason or another, is not treated as a separate heading in the assistance we receive within the framework of the Turkish-American cooperation, we are unable to solve it satisfactorily. The aid extended to us does not follow a pre-agreed plan. It is released in amounts previously unknown, at irregular intervals, and allocated to definite sections. It is consequently impossible for the Turkish Government to plan ahead and to use it in the most needed areas. Thus, it is used for daily requirements which, at the time, seem to present the highest priority.

I have tried, earlier in my talk, to illustrate what we have been able to achieve in a very short time, by quoting certain figures. These figures show that we have not remained inactive, that we have worked for our development, and that we have been able to utilize properly the aid that we receive. May I also point out that it is not only criticism that we face. Several American missions, distinguished Senators and Congressmen or journalists, who visit Turkey, see the tangible results obtained, appreciate it and further encourage us. Their statements and views are public knowledge. Just to give you an example of these encouragements let me quote from an article by Mr. Sulzberger of the New York Times. In an article which appeared on September 25, 1957, Mr. Sulzberger writes about Turkey: "This land needs and deserves help from us. But to bulwark it for the long haul of a revived cold war, is it not logical to consider the desirability of increasing our nonmilitary assistance. \* \* \* The economic bones of Turkey need more marrow. In no case is a bankrupt ally strong." There are many

Americans, perhaps several among you, who feel the same way. I hope that I shall have the opportunity in the future of hearing the individual views of each one of you, and of listening to your criticism if you have any.

Let me thus turn to the amount of the so-called economic aid that we receive. To illustrate my point I shall give you some figures, comparing the amount received by Turkey—the largest country in Europe in area with 25 million inhabitants—with those received by some other countries: These are the totals received as economic aid during a period of 8 years, from 1948 to 1956, in millions of dollars:

Country	Credits	Grants	Total
Turkey.....	\$130	\$430	\$560
United Kingdom.....	384	3,444	3,828
France.....	225	2,966	3,191
Italy.....	95	1,517	1,612
Western Germany.....	17	1,530	1,547
The Netherlands.....	149	939	1,088
Greece.....	25	845	870
Yugoslavia.....	15	350	365
India.....	82	186	268

May I also remind you that some of these countries, in addition to the American economic aid, are receiving large amounts of aid from Communist sources.

These figures express my point very eloquently. I wish to add my personal opinion. Since this is not an aid extended for humanitarian purposes, but admittedly for mutual security, its basic principle should be changed. Its object should be adjusted to its intent, and it should be extended to selected allies on the basis of priorities and a graduated scale. Friends and allies should be treated on a different basis from foes and uncommitted countries. Only if the allies are strong can they do their share in emergencies and difficult times.

Before concluding, may I add that our objective is to so develop the country that we shall be able to do our share without foreign aid. In its long history, Turkey has never taken, but was always in a position to give to others; and we have always given. Fate has put us in a position today where we are obliged to take. Events are such that we sometimes have delays in the repayment of our debts. But no one, at any time, has lost money in Turkey.

We are confident of the future of our country. We are a nation which has seen many difficult days, and weathered many storms. The Turkish Empire was not built on aid. Nor do we face our present problems and difficulties in discouragement and despair.

But the Turks never forget a helping hand. Maxims and sayings express the experience and wisdom of nations. We have an old saying: "A cup of coffee makes friends for 40 years."

Let me assure you that when happier days come—and we are confident that they will come—we will never forget American aid. Thank you.

Mr. SPARKMAN. Mr. President, while the distinguished chairman of the Foreign Relations Committee is in the Chamber, I should like to ask him a question, which was suggested to me by an item on the Executive Calendar for today, namely, the confirmation of the appointment of an Ambassador to the Republic of Syria.

According to news reports during the past few days—and I heard such a report on the radio this morning—Syria and Egypt are forming a single state. If I correctly understood the report over the radio this morning, the union is supposed to be consummated today.

I should like to ask the chairman of the Committee on Foreign Relations whether we will continue to send an Ambassador to Syria and another Ambassador to Egypt, and what will be the effect of the union of these two countries into one state under such circumstances.

Mr. GREEN. Well, I believe it would be indelicate, to say the least, for the chairman of the Committee on Foreign Relations to discuss the rumored marriage of convenience before it has been officially announced; and I should think that it would be most difficult to trace down all the rumors which appear in the press.

Mr. SPARKMAN. I should like to say to the distinguished chairman of the committee that I understand it is more than a rumor; it has been freely published, and it has been announced, whether officially or unofficially, that that union is to take place. Furthermore, I believe it was stated that the two countries were going to sign an agreement for such a union today. I am not sure about it, but I did hear something to that effect. In any event, it does raise an interesting question.

Mr. GREEN. It does.

Mr. SPARKMAN. I am not asking the chairman of the committee to give us a final answer, but I believe it does provoke some thinking on the part of all of us. I was particularly interested in the subject, because we have been called on today to confirm the appointment of an Ambassador to Syria.

Mr. GREEN. Perhaps we should appoint twins as Ambassadors to the new country rumored to be formed by Syria and Egypt.

Mr. SPARKMAN. I will accept the answer of the distinguished chairman, even though he did not give me the information that I sought. I still believe it is something we should be thinking about.

Mr. WILEY subsequently said: Mr. President, I was particularly interested in the exchange of ideas between the distinguished Senators in relation to the situation in the Mideast. I believe it is a matter which calls for earnest consideration. I refer to the matter of Syria, far to the north, and Egypt, far to the south in the Mideast area, joining together. It means that we will have to keep our eyes open. I understand that they are not only going to join politically, but will also join their armed forces. We must make sure that they do not become the tool of the Kremlin. I am glad the distinguished Senator from Alabama brought up the subject.

#### SENATOR PURTELL'S RECORD AS CHAIRMAN OF THE REPUBLICAN CALENDAR COMMITTEE

Mr. BRIDGES. Mr. President, on Tuesday of this week, the Republican policy committee accepted with regret the resignation of the distinguished junior Senator from Connecticut [Mr. PURTELL], as chairman of the Republican calendar committee.

I believe it is only fitting that his colleagues on this side of the aisle for whom

he has performed a most important service in his capacity as chairman express their appreciation of the work he has done.

Senator PURTELL's chairmanship reflected great credit upon himself and upon the Senate. BILL PURTELL threw himself enthusiastically into the great amount of work which this responsibility entailed, and the speedy and efficient progress of the calendar calls was impressive testimony to his diligent and most informed effort.

Senator PURTELL served on the committee with two other very able members of the Senate, the distinguished Senator from Wyoming [Mr. BARRETT] and the distinguished Senator from Nebraska [Mr. Hruska]. His chairmanship was marked with dignity, consideration for all the Members of the Senate, and outstanding service to the people of the country.

His genuine desire for cooperation, and his high integrity, have elicited complimentary remarks from the other side of the aisle on several occasions. I venture to state that as chairman of the calendar committee he has been held in as high esteem and in as high respect as any other Senator who has held the chairmanship of such a committee.

His performance has been in the highest traditions of the Senate, and he has established a most enviable record. I therefore wish officially to express my appreciation, as chairman of the Republican policy committee, for the value of his work and his efforts.

Mr. KNOWLAND. Mr. President, I wish to join the distinguished Senator from New Hampshire in paying tribute to Senator PURTELL for the outstanding work he has done for some considerable period of time as chairman of our calendar committee. It is difficult work, and it requires a great deal of attention to the details of proposed legislation. The Members on both sides of the aisle recognize the importance of the respective calendar committees, which now operate on both sides of the aisle. Certainly I know of no other Member of the Senate who has devoted more conscientious effort and work to his duties in this capacity than has the Senator from Connecticut, as indeed he has also to the standing committees of the Senate on which he serves as a distinguished member.

As minority leader of the Senate, I am glad to join with the distinguished chairman of the policy committee in expressing my deep appreciation for the work Senator PURTELL has done on that committee.

Mr. JAVITS. Mr. President, I should like to join with my distinguished senior colleagues in expressing appreciation for Senator PURTELL's work. As a lawyer I should like to say that, standing at the gates of the Senate Calendar, and in holding up what ought to be held up and in taking the responsibility for letting pass what ought to be passed, is no inconsiderable discharge of public duty in this Republic.

Not only the Senate, but also the country as a whole, must be grateful to Senator PURTELL for his stewardship,

and I believe that as many Senators as can do so should join in expressing their appreciation on this occasion.

#### MORE DEPRAVITY BY UNION GOONS

Mr. BUTLER. Mr. President, the sanctimonious pose of some of the Nation's labor leaders is shattered when incidents such as one which took place recently in Toledo, Ohio, are spread upon the public record. I refer to a stench bombing episode, and other depravity, which, from all reports, were inspired and carried out by UAW representatives.

I ask unanimous consent that several articles appearing in the Toledo, Ohio, newspapers detailing this situation be printed in the body of the RECORD at this point so that Mr. Walter Reuther's self-serving pronouncements, now being advertised in the Halls of the Congress and the public press, can be put in proper perspective.

There being no objection, the news articles were ordered to be printed in the RECORD, as follows:

[From the Toledo Blade of January 1, 1958]  
STENCH VIALS LEAD TO ARREST OF PAIR—MATERIAL FOUND IN TRUCKS, CAR

Police arrested two union officials yesterday on a charge of possessing stench bombs after broken vials of the offensive liquid were found in two delivery trucks parked in the alley behind Lasalle's.

Booked at the Safety Building were Robert Adams, 40, of 5334 Bennett Road, whom police identified as an international representative of the UAW and Melvin Zimkowski, 46, of 2666 Laskey Road, who said he was executive secretary of the United Labor Committee.

Both men were released under bond of \$1,000 each set by Municipal Judge J. Parker Edwards. A professional bondsman posted the bond.

Patrolmen Richard Parton and Leo Lisowski said they stopped the rented car in which the men were riding at Erie and Adams Streets, and found a number of stench vials packed in a rubber boot. Also confiscated, they said, were a dozen nail boards of the type used to puncture automobile tires.

Police said they investigated reports of a gas leak in the Lasalle's vicinity, scene of a department store strike. An Ohio fuel gas inspector also checked the area, but was unable to find any leak. He then found the stench material in the delivery vehicles.

The car in which the men were riding was rented by a Detroit firm to the UAW organization in that city, Detective Sgt. Fred Shea said.

[From the Toledo Blade of January 7, 1958]  
STENCH BOMBS ARE SET OFF IN THREE LASALLE'S STORES—SULFURIC FUMES EMITTED FROM JARS IN TOLEDO, BOWLING GREEN, SANDUSKY

A wave of stench bombing broke out in Lasalle's stores in Toledo, Bowling Green, and Sandusky yesterday, with a total of seven homemade bombs being discovered.

Five of the bombs, emitting a strong sulfuric odor, were found in the Toledo store. The store protection staff located bombs on the 1st, 3d, and 7th floors in the afternoon, and two more were found last night in the basement.

#### MAN SMASHES JAR

Ernestine Urbaniak, store detective, told police she saw a man enter the store yesterday afternoon and smash a fruit jar against a counter, creating a cloud of sulfuric fumes.



He escaped through the Spitzer Arcade, she said.

At the same time the bombs were being uncovered in the Toledo store, Lasalle's branches in Sandusky and Bowling Green were undergoing similar treatment.

#### WOMAN FAINTS

In Sandusky a stench bomb went off at 2:05 p. m., causing one woman to faint and forcing customers from the two-story downtown building. The store was temporarily closed as firemen, using smoke ejectors, helped clear the building.

A similar bomb went off at about the same time in the Bowling Green store.

Police recovered several bombs and turned them over to the police laboratory for examination. They were of two types—fruit jars and small vials.

Lasalle's has been struck by the retail clerks union for 7 weeks.

#### RESCUE SQUAD FINDS BOMB BEHIND ERIE STREET

Rescue squad members, called to the 600 block of Monroe Street yesterday to investigate reports of gas leaks, found a stench bomb at the rear of 114 Erie Street.

Police Capt. Ted Kwiatkowski, head of the police laboratory, said the bomb was similar to those found in the Lasalle's store here, and contained some form of petroleum derivative in a fruit jar that gave off powerful odors.

[From the Toledo Times of January 7, 1958]

#### STENCH BOMBS REPORTED IN THREE LASALLE STORES

Stench bombs were discovered yesterday in Lasalle's stores in Toledo, Bowling Green, and Sandusky, a company spokesman said last night.

A man believed to have deposited 1 of the 3 devices found in the Toledo store was reported nearly apprehended by store detective Ernestine Urbaniak. She said the suspect carried a fruit jar containing foul-smelling liquid into the shopping area and smashed it against a counter. He escaped through the Spitzer Building arcade, she said.

Another identical stench-producing container was found on the seventh floor of the Toledo store, the spokesman said and a glass vial also giving off a strong tear-producing sulfuric odor was found on the third floor.

The company spokesman said investigation of the incidents, here and in the neighboring cities, has been turned over to police.

Retail clerks union members have been picketing the Toledo store for 7 weeks.

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#### FRUIT JARS ARE USED

Four of the devices planted in the Adams Street building were made of fruit jars and a liquid which gave off a tear-producing sulfuric odor. Two of them were in a paper bag in the basement shopping area of the store last night, police said.

Earlier in the day two other jars were found emitting foul odors, one on the first floor, the other on the seventh, a company spokesman said last night. A vial producing the same effect was discovered on the third floor, he added.

#### TURNED OVER TO POLICE

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[From the Toledo Blade of January 18, 1958]

#### MICE, PIGEONS TURNED LOOSE IN LASALLE'S—BIRDS AND RODENTS ARE GATHERED UP; OFFENDERS SOUGHT

Some women customers at Lasalle's were routed yesterday by white mice turned loose by unidentified persons.

At the same time, police said, 4 pigeons were released and added to the confusion by swooping in circles over the heads of shoppers.

Frank J. Baumgartner, acting police chief, said 35 mice and 3 pigeons were picked up. They will be held for safekeeping at the Toledo Zoo.

Patrolmen Richard Smythe and Al Scychowski said when they arrived at Lasalle's several women were running about in fright. The officers caught the mice and all but 1 pigeon with the aid of the store personnel.

Sgt. Vincent J. Kwapich said the fourth pigeon apparently flew out a window.

After being taken to the Safety Building in shoe boxes and paper sacks, the mice created a new emergency.

They started chewing their way out, and we had to put them in a tin bucket, the sergeant said.

If the offenders are caught, police said, they will be prosecuted for violating a city ordinance that prohibits throwing rodents or reptiles on private property, the offense, a misdemeanor, carried a penalty of \$100 to \$300.

The Retail Clerks Union is picketing Lasalle's.

[From the Toledo Blade of January 7, 1958]

#### STENCH BOMBS HIT THREE LASALLE'S STORES—FUMES RELEASED FROM GLASS JARS

A wave of stench bombing broke out in Lasalle's stores in Toledo, Bowling Green, and Sandusky yesterday, with a total of seven homemade bombs being discovered.

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#### CONTRIBUTION TO AMERICAN EDUCATION—ARTICLE IN PARENTS MAGAZINE

Mr. WILEY. Mr. President, it seems certain that we of the 85th Congress are going to enact some constructive legislation to strengthen American education.

It is my earnest hope that, in the process of improving education, we will help American parents and teachers improve all phases of education. I mean not just engineering, not just science and technology—but education for the "whole" man; education in the humanities, in the liberal arts, in the "things of the spirit."

To strengthen American education will cost money. Exactly how much money will be spent, can be spent, should be spent, must be determined in the course of the detailed hearings which will be held here on the Senate side by our distinguished colleague, the senior Senator from Alabama [Mr. HILL], and in the counterpart Committee on the House side.

Since the Soviet sputniks, a great deal has been written about American education—its strength and its weaknesses.

One such article, which I have been pleased to note, is, in my judgment, one of the best. It was written by the education editor of Parents magazine, Mr. Fred M. Hechinger. It is published in the February 1958 issue of Parents magazine. This splendid publication goes out each month to 1¼ million American homes. Its publisher is Mr. George J. Hecht, who is also the chairman of the very fine organization, the American Parents' Committee.

This group has done yeoman work in spotlighting the needs of American children in all fields. In my judgment, we cannot have too much such civic enterprise by interested parents, educators, and other experts who devote whole lifetimes to fulfilling the needs of children.

Now, let me say that what we, in effect, need for America is not a so-called crash program in education. Of course, we need more scientists; and we need them as soon as we can get them. But we need to build solid foundations. Why? So that, in the years up ahead, from American high schools and colleges, will come an ever-increasing stream of youngsters able to fulfill all—I emphasize, all—of the needs of this world.

I should like to point out, incidentally, one of the most interesting points made in Mr. Hechinger's article. He quotes the famous scientist, Albert Einstein. He points out that Einstein "never entered a laboratory in his adult life." He indicates that Einstein was seeking the answer to the mysteries of the universe in the firm belief that there is logic and order and reason behind what appears, to superficial impression, as their opposites. He says that Einstein thought that God does not play dice with the universe. Out of such philosophy of order and purpose have come many great conclusions.

We need the very best thinking of which we are capable, as a people—thinking in every field of endeavor.

I send to the desk the text of Mr. Hechinger's article. I ask unanimous consent that it be printed in the RECORD, and that it be preceded by a list of the worthy board of directors and the National Council of the American Parents' Committee.

There being no objection, the list and article were ordered to be printed in the RECORD, as follows:

**BOARD OF DIRECTORS AND NATIONAL COUNCIL OF THE AMERICAN PARENTS COMMITTEE, INC.**

**OFFICERS**

**Chairman:** George J. Hecht, publisher, Parents' Magazine, founder and secretary for 20 years of the Welfare Council of New York City, vice president, Social Legislation Information Service.

**Vice chairmen:** Dr. Martha M. Elliot, head, Department of Maternal and Child Health, Harvard University, former chief, United States Children's Bureau; Richard H. Wels, chairman, special committee on the improvement of family laws, New York City Bar Association.

**Treasurer:** G. Theodore Zignone, treasurer, Parents' Institute, Inc.

**Secretary:** Melvyn Gordon Lowenstein, attorney, New York, board member, Children's Village.

**Executive director:** Ada Barnett Stough, in Washington office.

**BOARD OF DIRECTORS**

Composed of the chairman, vice chairmen, secretary, and the following:

Joseph P. Anderson, executive secretary, National Association of Social Workers; David Baird, president, Baird Foundation and Lansing Foundation, New York; Bertram Beck, associate executive secretary, National Association of Social Workers; Philip Bernstein, executive director, Council of Jewish Federations and Welfare Funds, Inc.; Elliott Caplin, president, Toby Press, New York; Maximilian Elser, senior partner, Elser & Associates, New York; Mrs. Herbert F. Fisher, Hartford, Conn., vice president, Child Welfare League of America; Joel H. Fisher, attorney, Washington, D. C.; Dr. Roma Gans, professor of education, Teachers College, Columbia University, board member, Citizens' Committee on Children of New York; Max Grant, president, Grant Money Meters Co., Providence, R. I.; Mrs. Luther Gulick, president, Consumers League of New York; Helen Hall, director, Henry Street Settlement, New York, chairman, National Association of Consumers; Mrs. George J. Hecht, board member, New York Society for the Orthopedically Handicapped, former president, Association of Neighbors and Friends of Hunter College; Gertrude Hess, executive secretary, Republican County Committee of New York; Sidney Hollander, chairman, Public Affairs Committee of the Family Service Association of America.

H. C. Honegger, honorary president, Pestalozzi Foundation of America, Inc.; Mrs. Henry A. Ingraham, board member, National YWCA; executive committee member, National Social Welfare Assembly; member, Board of Higher Education of New York City; Carlos L. Israels, New York attorney; chairman, executive committee, United Hias Service; J. Donald Kingsley, executive director, Community Council of Greater New York; Edgar Kobak, business consultant, New York; Mrs. Albert D. Lasker, co-chairman, National Mental Health Committee; Katherine F. Lenroot, former chief, United States Children's Bureau; Mrs. Bradford Leys, R. N., member, Rhode Island State Board of Education; director, Rhode Island State Nurses Association; Sol Markoff, general secretary, National Child Labor Committee; James Marshall, attorney, former chairman of the board of education of New York City; John McDowell, executive director, National Federation of Settlements and Neighborhood Centers; R. Maurice Moss, associate director, National Urban League; George W. Naumburg, chairman of the finance committee, Federation of Jewish Philanthropies, New York; president, Baron de Hirsch Fund; Mrs. Samuel I. Newhouse, wife of the publisher of a chain of 12 newspapers; Basil

O'Connor, president, National Foundation for Infantile Paralysis; former president, American National Red Cross; Melvin C. Pierce, chairman, child welfare committee, Department of Michigan, the American Legion; Beekman Pool, director, legislative information bureau, State Charities Aid Association, New York; Joseph H. Reid, executive director, Child Welfare League of America; Harold Riegelman, partner of Nordlinger, Riegelman, Benetar & Charney, New York law firm; counsel for New York Citizens Budget Commission; Oscar V. Rose, superintendent of schools, Midwest City, Okla.; Richard C. Rothchild, writer, public relations counsel; Dr. George N. Shuster, president of Hunter College, New York; Mrs. J. Austin Stone, former chairman and present board member, Women's Joint Congressional Committee; Mrs. Kathryn H. Stone, Arlington, Va.; former vice president, League of Women Voters of the United States; L. Joseph Stone, professor of child study, Vassar College; Mrs. Alvin Thalheimer, former member of Maryland State Board of Education; Ira D. Walach, president D. S. and R. H. Gottesman Foundation; Sloan Wilson, education editor of Parents' magazine and of the New York Herald Tribune; Mrs. Gertrude Folks Zimand, former general secretary, National Child Labor Committee.

**NATIONAL COUNCIL**

Mrs. Louis Azrael, board member, Hospital for the Women of Maryland; Edith Baker, former director of medical social work, United States Children's Bureau; Russell W. Ballard, director, Hull House Association, Chicago, Ill.; Mrs. Margaret Culklin Banning, author, Duluth, Minn.; Dr. Paul W. Beaven, Rochester, N. Y., past president, American Academy of Pediatrics; Leland E. Becraft, executive director, Community Chest of St. Joseph, Mo.; Joseph Bonapart, executive director, Vista Del Mar Child-Care Service, Los Angeles, Calif.; A. David Bouterse, executive director, Pennsylvania Citizens Association for Health and Welfare; Mrs. Winship Chick, chairman, Missouri Council on Children and Youth, board member, Missouri Association for Social Welfare; Edith Valet Cook, attorney, New Haven, Conn., director, Connecticut Child Welfare Association; Mrs. LaFell Dickinson, West Hartford, Conn., honorary president, General Federation of Women's Clubs; Dr. Hildegard Durfee, child psychologist, Brattleboro, Vt.; Mrs. Edwin W. Elsendrath, member of the executive committee, Illinois Commission on Children and Youth; Mrs. Frederick B. Forbes, Territorial Commission on Children and Youth, Honolulu, Hawaii; Mrs. Helen D. Gannon, executive secretary, Virginia Conference of Social Work; Dr. Edward Greenwood, chairman, National Advisory Council on State and Local Action for Children and Youth, Menninger Foundation, Topeka, Kans.; Mrs. Tom Grier, executive secretary, North Carolina Conference for Social Service; Dr. William G. Hardy, director, Hearing and Speech Center, Johns Hopkins Hospital, Baltimore, Md.; Dr. Dale B. Harris, director, Institute of Child Welfare, University of Minnesota; Dr. Harold C. Havighurst, dean, School of Law, Northwestern University, Chicago, Ill.

Mrs. Marshall Hopkin, president, Alaska Crippled Children's Association; Robert L. Johnson, president, Temple University, Philadelphia, Pa.; Merrill Krughoff, director, Health and Welfare Planning, United Community Funds and Councils of America; Robert C. Lappen, member, Iowa Board of Control of State Institutions; Dr. William G. Lennox, director, the Neurological Institute of the Children's Medical Center, Boston, Mass.; Leonard L. Maine, superintendent of schools, Portsmouth, R. I.; Leonard Mayo, director, Association for the Aid of Crippled Children; Arthur P. Miles, director, School of Social Work, University of Wisconsin; Adele J.

Minahan, executive secretary, South Carolina Conference of Social Work; Dr. Ralph H. Ojemann, Iowa Child Welfare Research Station, University of Iowa; S. Douglas Polhemus, executive manager, the United Fund of Greater Springfield, Mass.; Mrs. Franklin D. Roosevelt; Dr. Robert R. Sears, executive head, department of psychology, Stanford University, Stanford, Calif.; Stewart C. Smith, delinquency consultant, State Youth Development Council, Austin, Tex.; Mrs. Rolla A. Southworth, executive secretary, Florida Conference of Social Welfare; Mrs. Frederick Spiegel, board member, Infant Welfare Society of Chicago, Ill.; Dr. Benjamin Spock, author of Baby and Child Care; James H. Stone, president, Stone Oil Co., Cincinnati, Ohio; Walter L. Stone, professor of sociology, Hanover College, Hanover, Ind.; Mrs. Harris H. Thomas, board member, New Hampshire Social Welfare Council; Mrs. De Forest Van Slyck, Washington, D. C.; Dr. Henry H. Welch, executive director, Welfare Council of Delaware; Elizabeth Wickenden, former Washington representative of the American Public Welfare Association; Philip H. Willkie, member of Indiana House of Representatives; Ellen Winston, commissioner, North Carolina State Board of Public Welfare.

**HAS SPUTNIK TAUGHT US A LESSON?—THE FLIGHT OF AMERICAN EDUCATION AND WHAT NEEDS TO BE DONE**

(By Fred M. Hechinger, Parents' Magazine's education editor, and past president of the Education Writers' Association)

Some day history will record that education in the United States was either saved or destroyed by sputnik, the Soviet Union's earth satellite. Which it will be—salvation or destruction—it is still too soon to predict. But it is safe to say that the impact of sputnik on the American school and university—for better or for worse—will be tremendous.

What is far more important, however, is the fact that, although the chain reaction has been set off by the Russians, it is now up to the people of the United States to control the direction of the future.

In broad strokes, the picture of past and immediate present is simple: American folklore has had it that the American school was, in every respect, vastly superior to the Russian school. Furthermore, it held that American know-how in science, industry, and technology had a monopoly of efficiency and power which no nation could ever challenge. (Some small dents were made in the fenders of that chromium-plated folklore when the British came up with the discoveries of radar and penicillin and when both the French and British overtook American jet aviation progress. In fact, the legend might already have been questioned earlier when a small army of European scientists helped substantially in the American success of harnessing atomic energy.)

During that period of our seemingly unquestioning superiority, American folklore ironically built up a popular feeling about men of the mind, which fluctuated between contempt and suspicion. The "brain trust" of the Roosevelt era became a hateful and derogatory term. The "brain" in teen-age lingo was used as a term of social ridicule. The "eggheads" were a group of American thinkers and politicians whose very title lost them the support of the American voting public.

In schools and colleges especially, where, after all, the brains of the future are either won or lost, the desirable goals in young Americans have become: (1) to be well rounded (which is another way of saying sufficiently dulled not to stand out either offensively or brilliantly) and (2) to be well liked (which is a key to amiable mediocrity).

Partly as a consequence of all this our schools, colleges, and universities have been given relatively little support compared to



their needs. At the time of the greatest economic prosperity in the history of our country, and probably of the world, our public schools were falling behind more and more seriously in providing enough classrooms for an unprecedented number of children. Since it was neither profitable nor particularly distinguished to enter the teaching profession, the deficit in the number of men and women who chose as their careers the development of young minds grew larger every year.

Like ripples in the water, these conditions have spread: They affected the graduate schools which offered their intellectual diet in return for economic austerity; they seriously cut the number of graduating scientists and engineers; they lured those who did graduate into the profitable rather than the inventive and adventuresome vocational slots.

The period was probably best characterized by the definition of the recent Defense Secretary Charles E. Wilson when he said that pure research means "you don't know what you're doing." The period is equally dramatically symbolized by the defeat of a desperately needed Federal aid to school construction law and by the fact that the majority of American colleges and universities have been operating in the red, and that they are ill prepared to serve the increasing numbers of American youth who will seek higher education in the decades ahead.

Then suddenly appeared sputnik. Sputnik was, of course, not only a great achievement, but even more important, it was a symbol of the Soviet's rapid scientific program which is designed to gain military, economic, political, and social supremacy. The curtain suddenly falls on the scene of America's inadequate schools, inadequate teacher salaries and the folklore of the invincible American know-how.

As the curtain goes up on the scene of the future, many of the actors seem to have learned completely new lines. Many of those who had been laughing at the eggheads are now screaming for a crash program to manufacture a maximum number of eggheads. People who used to say comfortably and smugly that the Russian slave school couldn't ever be a threat to the free American school were, in effect, demanding that we substitute the Soviet education blueprint for ours. Sputnik has stamped them into such talk.

Following sputnik, our papers have been filled with statements about Russian education—school 6 days a week; and for the ablest students who are not diverted at 14 into the labor reserve and technical schools, 10 years of mathematics, 4 years of physics, and 4 years of chemistry; government scholarships for all talented youth; and two and a half times as many engineers and scientists being graduated each year as in America. Accompanying such statements were pleas for a crash program of United States Federal aid for scientific and engineering education.

If the implications of the Russian scientific triumph are read accurately but without panic, then the sudden realization that education is the basis for all progress should at last give American schools the support they need.

This would mean adequate money for buildings, for teachers' salaries, for greater support of higher education, for educational research, and for experimentation. It would lead to a completely revised approach to the slice of the national wealth which the schools should, and must, demand. In the past it had been accepted as inevitable and necessary that the national defense expenditure be given top priority, frequently without concern about the overall budgeting of the economy. Now, it may be recognized that in an age of science and technology, where ideas are weapons, and weapons are ideas, education needs at least as much support as the

manufacture of atom bombs, missiles, and rockets; for without education the atomic production lines will grind to a standstill and the laboratories will be empty of ideas.

Our entire concept of the role of education in American life must change. Even the added support of schools provided for in the Federal aid for school construction bill (that was beaten in the past session of Congress largely as a result of the efforts of certain big business interests, and of those who wished to try to speed school integration, by means of such legislation) is piddling. What is needed is:

1. Adequate financial support for school construction. This includes construction of enough schools to do away with all double sessions in all schools. Since a school building program, at best, is a matter of several years between the allocation of money and the completion of the actual buildings, emergency quarters in every available type of building—from private houses to public facilities—should be taken over at once in order to end double sessions now. Practically all educators are agreed that the most damaging roadblock to education is the part-time school. Not only is there a great deficit now in the number of schools, but our rapidly growing population requires a school building program of unprecedented size. Maximum local and State appropriations for that purpose must be supplemented by large-scale Federal aid, as it is for roads, hospitals, mental institutions, agricultural service stations, and forest fire stations. There can be no question about the need for action at once.

2. Far more money is needed to be able to pay the kind of teacher salaries which will reward excellence of instruction with the kind of pay that fits into the social and economic pattern of our society. We desperately need an adequate supply of qualified men and women to teach the sciences and mathematics in our schools. It is well and good to talk about the need for devoted men and women who will enter the teaching profession regardless of financial reward. But it is unrealistic to expect that there will be enough of them to man a mass-education system. Even more important, a society which, for better or for worse, will always consider a certain minimum standard of wealth as a mark of respectability and competence will never get away with a hypocritical attempt to make the teacher live outside those standards.

This should not mean that we can suddenly bribe a large number of young people to go into teaching by offering them high pay as a bait. Even if we could, we would almost certainly attract the least suitable kind of person. But we can put teaching on a competitive economic level which will permit teachers to support their families in a manner of professional respectability. Beyond this, we can—and must—make sure that outstanding service will be rewarded with outstanding pay so that the exceptional teacher will take his place among the outstanding stars of the other areas of American cultural, professional, and industrial life.

3. Money must be offered for education research and experimentation so that it will, for the first time in American history, be as easy to get answers on the facts of education as it has traditionally been to get the details on the growth of corn and the reproduction of hogs.

4. Everything else will be meaningless if a national network of scholarships and loan funds is not established to enable every talented boy and girl to climb as high as possible on the ladder of learning, research, and the general development of the mind. We need not only more scientists, but also more trained minds in the fields of culture, economics, and government.

But in rethinking the approach to student scholarships, the needs of the colleges and universities must be more realistically reconsidered than in the past. There is no gain in flooding the colleges with scholarship students under a financial arrangement which increases the school's deficit with the admission of each additional student. As long as tuition pays for little more than half of a student's education, a matching payment to the college, over and above the tuition scholarship, should be worked out.

So far only the financial impact of sputnik has been discussed. But nothing could be more desperately misleading than the idea that an outpouring of money can save the day. In the long run, the quality and the meaning of American education can only be determined by the people's attitude toward learning and toward the school.

No crash program and no amount of money can do anything about that. It's a matter of public attitude and feeling, a question of priorities and values. Translated into economic terms, it means that as long as parents complain about the high cost of their children's education while they accept, without too much grumbling, the expense of the new TV set and the necessity of the latest model of car, the place of the school on the list of national values will be inferior.

In more abstract terms, the national feeling will be reflected by the relative measure of esteem with which we look up to the thinkers as compared with the doers. It is well and good to turn to the eggheads for emergency help at the moment of desperate crisis. Fortunately, there have generally been enough eggheads around to patch things up and clean up the mess left by thoughtless doers. But for the future world that is only vaguely symbolized by sputnik, it won't be good enough to rely on the thinkers only as a last-minute fire brigade, to be locked up in the firehouse the minute the blaze has been put out. In fact, we are beginning to discover already that the intellectual fire-fighting equipment has become rusty from lack of use.

Finally—and most important—the impact of sputnik could be fatal to America if it leads to a blind imitation of the Soviet education system and to a one-sided, unbalanced support of science and technical education alone.

Never before in the history of the world has the realm of philosophy been as inseparably linked with the domain of science. In the days before World War II, German science and technology were probably as far ahead of the western democracies as Russia appears to be today. Yet, the stamina and integrity of the minds and hearts of the Free World, combined with a revival of productive capacity, overcame the handicap.

If we now pour money into science and technical education alone, we will walk blindly into self-destruction. Even the scientific mind itself—in an age of sputnik, of space concepts and of a rethinking of all the limitations of man—depends as much on an understanding of the arts, the philosophies and the intangible background of the cosmic order and human life, as on the test tube.

Einstein never entered a laboratory in his adult life. He was motivated by the apparently unscientific thought that "God does not play dice with the universe." Who is to say that it was not out of this unscientific, philosophical concept that his world-changing formula emerged or that he did not arrive at some of his most unsettling scientific theories while playing the violin?

A carefully planned program to educate the engineers and scientists that our defense forces and industry need so badly is, of course, vital. But it is even more important that American children should not grow up to be illiterate; that they get a good basic

education, which is so essential to our American democracy and to our economy. We can't have peace, prosperity, and progress without an educated citizenry.

None of this should give educators or the American public generally the comfortable excuse that no changes are needed or that all that is lacking is money. Many changes are needed. While the Soviet program of education must be avoided, this does not mean that the Russian achievement of excellence in instruction and toughness in the demands on the minds of able students should not be a lesson for the American school. It must be the supreme lesson. It must set American educators off on a new search for excellence—without giving up the great social achievement of the American public school in the service of society and democratic living. The two are not incompatible.

If we prove that they are not incompatible, then sputnik will have sent us off on a road that will give new meaning to popular government and make it invincible.

If, on the other hand, we rush off on the panicky assumption that our gains of freedom must now be sacrificed to the idea that we must shoot a rocket to the moon first, then we will have lost everything on earth that free man throughout history has so painfully and so gloriously struggled to achieve.

#### SMITH-MUNDT ACT 10TH ANNIVERSARY WHITE HOUSE CEREMONIES

Mr. MUNDT. Mr. President, at this point in the RECORD, I ask leave to have printed the text of the remarks made by those who participated in the observance of the 10th anniversary of the Smith-Mundt Act in ceremonies in the Cabinet room of the White House on Monday, January 27, as transcribed from a tape recording of the proceedings.

Mr. President, a lot of world history has been written since the 80th Congress enacted the Smith-Mundt Act. However, I remain as firm in my conviction today as I was back in 1947 when I first introduced H. R. 3342—which is now known as Public Law 402 of the 80th Congress, the Smith-Mundt Act—that the programs set in motion and made permanent activities by this act are America's best hope for peace and our most important weapons in winning the hearts and minds of men to the cause of permanent peace.

In fact, Mr. President, H. R. 3342 was not my first attempt to dedicate a part of the resources and talents of this great country to the waging of peace as an attractive and rewarding alternative to the waging of wars. As chairman of the special subcommittee of the House Foreign Affairs Committee which heard the testimony on H. R. 3342 back there in 1947, I opened the hearings on my proposed bill by recalling that it was on March 1, 1943, that I first introduced the forerunner to the Smith-Mundt Act. On March 1, 1943, I introduced H. R. 2034 which first contained the basic features of the student and cultural exchange programs now incorporated in Public Law 402 of that highly constructive and significant 80th Congress. But in 1943, the war was on and the 78th Congress was understandably busy with more immediate and urgent problems.

So on January 24, 1945—in the 79th session of Congress—I introduced H. R. 1740 which again proposed the program of student, leader, and cultural exchanges contained in H. R. 2043 of the 78th Congress and expanded the program recommended in my earlier bill. The State Department gave a favorable report to H. R. 2043 but before hearings on it could be held, the San Francisco Conference of the United Nations came into being and spadework was begun on the creation of the United Nations. Consequently, I then introduced House Resolution 215 which did become law and set up our participation in what has become known as the United Nations Educational, Cultural, and Scientific Organization. In the introduction and presentation of these three bills, I had the able help and encouragement of Mr. Nelson Rockefeller who was then an official working with the State Department here in Washington.

By the time the 80th Congress convened, Mr. President, I remained convinced that America's participation in UNESCO would not adequately provide the type of foreign information program and educational, leadership and cultural exchanges required to enable us to wage peace with sufficient vigor and imagination to meet our country's needs. So once again expanding on the original program proposed March 1, 1943, I introduced H. R. 3342. With the encouragement of Mr. William Benton, by then an Assistant Secretary of State, the Department of State quickly wrote a favorable report on H. R. 3342 and it began its troubled and tortured trip through Congress until on January 27, 1948, it had finally passed both Houses and was signed into law by President Truman. The able leadership of Senator SMITH of New Jersey was largely responsible for Senate approval. I still have in my possession as a proud memento the pen which Harry Truman used in signing the Smith-Mundt Act into law.

Mr. President, more than 10 years ago I said and I still believe, "This program with its many activities in the creation of mutual understanding, and good will is America's best weapon for peace. As it succeeds, increasingly, the need for mighty armaments and the dangers of war will slowly but surely disappear."

Properly administered and adequately financed, I believe this great weapon for peace will in the long run do more to influence the course of human history than all of the sputniks and supersonic weapons of this missile age.

I now call attention to the statements made at the White House on Monday at the 10th anniversary ceremonies of the Smith-Mundt Act, and ask that they be printed in the RECORD.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

#### TENTH ANNIVERSARY WHITE HOUSE PROGRAM COMMEMORATING SIGNING OF THE SMITH-MUNDT ACT

Mr. GEORGE ALLEN. Mr. President, this 10th anniversary of the Smith-Mundt Act is very significant for me since my own connection with our overseas information and

cultural relations program began just 1 month after the Smith-Mundt Act was signed in January of 1948. I remember the report of the committee that Senator SMITH and Senator MUNDT, who was then a Member of the House of Representatives, took through Europe in 1947 to study the needs of a program of this kind. I will always find inspiration in the language they wrote into their report; that our operation was to safeguard the national security, advance the foreign policy of the United States, and to promote world peace. I have also had the privilege of working with the Fulbright program overseas. In fact, the phrases Smith-Mundt and Fulbright have been incorporated in most of the languages abroad. I remember when I was in Teheran hearing university students talking in the halls of the University of Teheran and they would speak together talking about their hopes of studying in the United States and they would say, "Walla walla walla Smith-Mundt," "Walla walla walla Fulbright." These names have become parts of the languages of most countries.

It's an honor, Mr. President, to be associated with you and with these distinguished Senators in today's observance of this anniversary. For myself and my colleagues in the USIA, I want to thank you and them for the support you have given us. Now I wish Senator ALEXANDER SMITH of New Jersey would say a word to us.

Senator ALEXANDER SMITH. Mr. Allen, Mr. President, my colleagues, it is a great honor to be here on this occasion and to have been a part of this great undertaking. It is a source of satisfaction to me that I was privileged 10 years ago to join with my good friend, Congressman MUNDT, now Senator MUNDT of South Dakota, in the introduction of the Smith-Mundt bill known as Public Law 402 of 1948. While our proposed legislation was being studied and debated, we jointly headed a mission of Senators and Congressmen which visited certain key countries in middle and western Europe in the summer of 1947. We then completed the legislation and it became law in 1948. Our basic premise was to publicize, by all available media of communication, to the peoples of the world the blessings of freedom and self-determination and the sacredness of the individual human being \* \* \* our American heritage. One of our big objectives was the exchange of people, especially young people and students because of our sincere belief the surest road to world peace is for people to know and understand each other and to work together. And it was in this part of our objective that our good comrade in the Senate, Senator FULBRIGHT, joined us with his wonderful program of the Fulbright scholarships. This legislation has now become, I believe, an important bulwark of our foreign policy and our principal publicity weapon in the cold war. Thank you.

Mr. ALLEN. Senator KARL MUNDT, of South Dakota.

Senator MUNDT. Thank you very much, Mr. Secretary. Mr. President, good friends, I brought along a few memorabilia, Mr. President, of this occasion of 10 years ago. I have a picture here of a distinguished young general testifying before the House Committee on Foreign Affairs, and I thought you would like to take a look at that because I would like to say that your testimony, sir, was some of the most persuasive and powerful in getting a bill passed before the House of Representatives which was very difficult to have passed. Among other things you said, testifying that day, more than 10 years ago now, on what was then H. R. 3342, which I had introduced and what has become Public Law 402; you said then, and I know you believe now because I have heard you say it many times since: "There can be no absolute security for the United States until every



nation enjoys a comparable feeling of security. All that arms can do is give you a relative feeling of security, and I do not care how many guns and planes and ships you pool together but only as we can get a common basis of believing in each other, then you have security—then I can go fishing." Well, Mr. President, I do not know how much fishing you had a chance to do, in the meantime, but perhaps fishing would have been better and you might have had more opportunity to do it if we could have found a way in America to sell ourselves on the true importance of this great Voice of America program under the Smith-Mundt Act.

I suspect that during those 10 years which have passed we have spent in the neighborhood of somewhere near \$500 billion in this whole area of defense and military preparedness. Something certainly not far short of that, and, in the interim we have spent a woefully small part of our national resources in the direction of sustaining peace because as we sell the truth, we sell peace. I believe, Mr. President, and I believe that you believe, that if the time ever comes when we can spend a dime for this kind of program for peace every time we spend a dollar in the holding operation of military defenses that then indeed peace will be secure and enduring. I said when I introduced that bill over 10 years ago that this was to be a campaign of truth built on the old Japanese philosophy that the man you don't know is the man you don't like and that if we can come to know each other in the world we could come to like each other and avoid war. I believe that is eternally true and Senator SMITH and I, as Senators, I am sure, also believe with our illustrious predecessor, Daniel Webster, that there is nothing so powerful as the truth and this program is America's truth-telling program. As such, I am sure it moves in the direction of lasting peace. I sincerely thank you, Mr. President, for helping to start off on this 10 years ago.

Mr. ALLEN. Senator WILLIAM FULBRIGHT of Arkansas.

Mr. FULBRIGHT. Mr. President, and Mr. Secretary, I feel it is a real privilege and honor to be permitted to participate in this 10th anniversary of the enactment of the Smith-Mundt Act. That act as you know and have been told here today, is the origin of the Voice of America, the basic law for the Voice of America and for other activities such as libraries. My own feeling is, however, that the authority for the exchange of students, professors, and leaders is the most efficient, most effective way to improve our international relations so it is in that connection that I have a very special interest in this program. I might also remind the audience here that early in this administration some friends of the President gathered together a fund and started the Eisenhower scholarships, and I think that also emphasizes the importance of this activity and more recently within the week we have read of negotiations for the institution of exchanges of various kinds with Russia, and Mr. President, I approve of that also and I hope that this kind of exchange program may be greatly enlarged in the future. I know that it has done much to improve our relations in the past and I think it can do even more in the future.

Mr. ALLEN. The Acting Secretary of State, the Honorable Christian Herter.

Mr. HERTER. Mr. President, distinguished gentlemen, on behalf of the State Department, I want to bear witness to the fact that these programs instituted first under the Smith-Mundt Act, then under the Fulbright Act, have been an extraordinary effective and important arm in our foreign policy. Certainly, they have contributed as much as any single thing to the dispelling of misunderstanding and the creation of understand-

ing which, as has been so eloquently stated a moment ago, are the basis of peace, and for the future security of the world. The State Department is very proud of the position that it has filled in assisting in the administration of these acts. It is a great privilege to be allowed to bear testimony here today to the foresight of these distinguished Senators who made such a great contribution, not only to the United States, but to the whole world.

Mr. ALLEN. And now, Mr. President, before we ask you to be good enough to say a few words to us, I would like to present a living example of the exchange of persons that is being carried on under the Smith-Mundt program. We have the pleasure of having with us in Washington at the present moment, the director of technical education of the Nation of Ghana, Mr. Apaloo, who arrived in the United States about 1 week ago. He is studying our vocational education methods of training programs and hopes that he may be able to find experts in this field with whom he can work and take back their ideas to Ghana with him. Mr. Apaloo, director of the technical education of Ghana.

Mr. APALOO. Thank you, Mr. President. Mr. Secretary, when I first learned about my award in the educational exchange program, never in my wildest dream did it occur to me that I would find myself in the White House in such distinguished company today. I feel deeply honored and highly privileged to be able to say how much we in Ghana appreciate the opportunity of visiting the United States; not only to gain some experience in the fields in which we are working, but to meet people and get to know them. My words are inadequate to express how grateful we are for this opportunity to come here and meet Americans; living among them to learn more of the great contribution which America is making toward understanding toward the whole world. I feel myself highly privileged indeed to be here. Mr. President, I can assure you on my own behalf, and on the behalf of Ghanians in particular and in behalf of all in Africa, who do come here, that we shall tell all people when we go back of the wonderful trip to get here, the wonderful welcome we get, the nice people we meet. In closing, I thank you all very much indeed.

Mr. ALLEN. Gentlemen, the President of the United States.

The PRESIDENT. Mr. Allen, Mr. Apaloo, distinguished Members of the United States Senate, the Smith-Mundt Act was sponsored 10 years ago by my good friend Senator ALEXANDER SMITH and Senator KARL MUNDT who was then a Member of the House of Representatives. This act forms the basic legislation of our Government's overseas information and cultural exchange programs. These programs are an important part of our effort to convey to everybody in the world a simple basic truth: America wants peace.

I personally testified before KARL MUNDT's committee, as he mentioned, some 10 years ago on behalf of this legislation. I believe in it then and I believe in it now.

Earlier, Senator WILLIAM FULBRIGHT had sponsored legislation to use the proceeds from the sale of some of our war material overseas for educational purposes. I am pleased that Senator FULBRIGHT is also with us today and that the law which bears his name continues in force and vigor.

Even more than that, I most heartily endorse and support the sentiments that Senator FULBRIGHT has just expressed. I believe, with him, that the exchange of students—to include under proper arrangements exchange of students coming from behind the Iron Curtains—should be vastly expanded. In my opinion that program could have no other

effect than to increase understanding and to make more secure the peace—a just peace, that we all seek.

Information and education are powerful forces in support of peace. Just as war begins in the minds of men, so does peace.

The program supported by you three gentlemen will help to bring about international understanding, which is the surest way I know to bring about the lasting peace which the United States has always sought.

I think it is a very important meeting when all of these Senators have come here today with Mr. Allen, each of them testifying before the American people and before the world of the value of the peaceful efforts of the United States in these important fields.

Mr. ALLEN. Thank you, very much, Mr. President.

#### EXPENDITURES FOR THE SELECT COMMITTEE ON SMALL BUSINESS

Mr. SPARKMAN. Mr. President, I ask that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the resolution (S. Res. 209) to investigate the problems of American small and independent business.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. SPARKMAN. First I should like to make a brief statement regarding the resolution. The distinguished Senator from Louisiana [Mr. ELLENDER] desired to be present when we called up the several so-called money resolutions from the Committee on Rules and Administration dealing with funds for special committees or subcommittees, or additional funds for standing committees. Unfortunately, the Senator from Louisiana has been delayed in coming to the Chamber, although I have had word that he will be here very shortly.

In asking that the Senate proceed to the consideration of the resolutions, or at least some of them, I do so with full recognition of the desire of the Senator from Louisiana to be present. I wish to say for the benefit of the Senate that we did give him notice and did get in touch with him. Certainly, he may wish to file a motion for reconsideration, or he may wish to make a statement dealing with a particular resolution. Therefore, we will proceed with that full understanding.

The pending resolution, Calendar No. 1204, Senate Resolution 209, was submitted by myself and the Senator from Minnesota [Mr. THYE], the ranking minority member of the Select Committee on Small Business. Its purpose is to obtain funds with which to continue the activities and functions of the committee over and beyond what is allowed under the regular appropriations.

The resolution as originally submitted called for \$100,000, to operate until January 31 of next year. The Committee on Rules and Administration reduced the amount to \$90,000. That is the amount in the resolution now before us. Our committee filed a budget statement, as is required under the rules of the Senate, showing just how it was intended to expend these funds. During the past year

we had \$85,000. We ran completely out of funds and, in addition, had to rely on some of the funds regularly appropriated to the committee to carry us through the year, and we also had to limit the hearings on tax matters which we had scheduled throughout the country.

We had requests to hold hearings in many different places. We were unable to do so, simply because we did not have the money with which to operate. That is the reason why we are asking for the additional funds. The Committee on Rules and Administration saw fit to increase by \$5,000 the amount we had last year, but not to give us the full \$100,000. We could make very good use of the full amount. Our committee has been in existence since 1950, under both Democratic and Republican administrations, and I think the record of the committee over the years will show that the funds have been carefully and frugally handled. In most of those years we have been able to return substantial amounts. Last year was the only year, I believe, when we actually ran short of funds.

I assure the Senate we shall continue to act in such a way as to get the greatest value out of the dollars appropriated to the committee. With this brief statement, if there are no questions, I ask that the resolution be agreed to.

Mr. ELLENDER subsequently said: Mr. President, may I inquire what became of Calendar No. 104, Senate Resolution 209?

Mr. MANSFIELD. Mr. President, it is my understanding that that resolution was agreed to while the Senator from Alabama [Mr. SPARKMAN] was acting as majority leader.

Does the Senator from Louisiana wish to have reconsidered the vote by which the resolution was agreed to?

Mr. ELLENDER. No; I do not wish to have it reconsidered. I merely wish to ask if it involves the continuation of the same committee which has been in existence on a more or less temporary basis for many years?

Mr. MANSFIELD. Let me say to the Senator from Louisiana that this particular committee has a permanent status, and operates on the basis of a standing committee.

Mr. ELLENDER. That is what I have in mind. I have been pointing out the fact that the Select Committee on Small Business has achieved a permanent status. Although it is not a standing committee of the Senate, it receives as much money as standing committees. In addition, it has been demanding and receiving from the Senate as much as \$90,000 extra.

I should like to have the RECORD show, if possible, what has been done, and why it is necessary to continue this committee.

I was a member of the Small Business Committee when it was first created. We got along with a small amount of money. But when it became more or less permanent—that is, when it was made a select committee—it entered the same category as the Committee on the Judiciary, the Committee on Agriculture and Forestry, and other standing com-

mittees, which receive a definite sum for their operations each year. We are also called upon every year to renew resolutions which have provided additional money, over and above this committee's regular allowance. This is another special, temporary committee which will never die unless something is done about it.

Mr. MANSFIELD. I am quite certain that the Senator from Alabama has placed in the RECORD a justification for the resolution. If he has not done so, I assure the Senator from Louisiana that that will be done.

Mr. ELLENDER. I should like to have such a statement placed in the RECORD in connection with our colloquy.

Mr. SPARKMAN subsequently said:

Mr. President, I should like to ask the Senator from Louisiana a question relating to Calendar No. 1204, the small-business resolution.

The Senator from Louisiana asked the Senator from Montana a question while I was temporarily absent from the Chamber. The Senator from Louisiana desired to have certain information placed in the RECORD. I thought perhaps he had reference to a statement which I had made when the resolution was called up; but I find that the Senator from Montana got the impression that the Senator from Louisiana desired a statement of justification. I wonder if it might be well to place in the RECORD a letter which I wrote to the chairman of the Committee on Rules and Administration, transmitting the budget of the committee. I ask unanimous consent that that letter, together with the enclosure, be printed in the RECORD at the point where the colloquy took place between the Senator from Louisiana and the Senator from Montana.

There being no objection, the letter and enclosure were ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,  
SELECT COMMITTEE ON SMALL BUSINESS,  
January 10, 1958.

HON. THOMAS C. HENNING, JR.,  
Chairman, Committee on Rules and  
Administration, United States  
Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: The authority of the Select Committee on Small Business to expend funds under Senate Resolution 42 of the 85th Congress, 1st session, will expire on January 31.

Within the next 2 or 3 weeks, the committee will submit to the Senate its eighth annual report. It is my belief that this summary of committee activities during 1957 offers persuasive evidence that the moneys made available to the committee by Senate Resolution 42 were well expended in terms of workload accomplishments. There also is no question in my mind that the additional funds provided by that resolution made it possible for the committee to discharge its responsibilities to the small-business community more effectively than would have been the case had additional funds been lacking.

Nonetheless, the problems of small-business men have in recent years become so numerous and pressing, that there remained some important problem areas to which the committee was unable to give its attention last year. For that reason, as well as because the current competitive climate has placed thousands of typical small enterprises at a grave disadvantage, I have introduced a resolution requesting additional funds slightly in excess of the amount specified under last year's resolution.

Awareness of the critical difficulties facing small, independent businessmen is widespread. Many unresolved problems confront them in the field of taxation, finances, Government procurement, and antitrust enforcement. The rate of small-business failures also reached a postwar high during 1957 and there is little evidence that this mortality rate will decline during 1958.

Indeed, many Members of Congress who conferred with small-business constituents during the recess have told me that without help from Congress and the executive branch it will become increasingly difficult for the average small manufacturer, retailer, or service-trade operator to run his business at a reasonable profit under prevailing competitive conditions.

The members of the Small Business Committee join me in the belief that the committee's efforts in behalf of independent business cannot be maximized unless supplementary funds are made available. I fully expect that, as in past years, all reports and recommendations of the committee to the Senate will be unanimous and will continue to reflect the objective and nonpartisan spirit which has characterized this committee since its creation in 1950.

Needless to say, I should welcome an opportunity to present a more detailed justification of this request for funds when your committee schedules action on our resolution.

With best personal wishes, I am

Sincerely yours,

JOHN SPARKMAN,  
Chairman.

#### Budget

Position	Number	Base salary - (per annum)	Gross salary - (per annum)	Total for period of budget (gross)
<b>STAFF</b>				
Legal and investigative:				
Special counsel.....	1	\$6,600	\$11,536.97	\$11,536.97
Assistant chief counsel.....	1	5,580	10,021.02	10,021.02
Assistant counsel.....	2	5,400	9,753.50	9,753.50
Do.....		5,400	9,753.50	9,753.50
Editorial and research:				
Editorial director.....	1	6,960	12,072.01	12,072.01
Assistant director.....	1	5,580	10,021.02	10,021.02
Research director.....	1	5,820	10,377.71	10,377.71
Administrative and clerical:				
Assistant clerk (file).....	1	1,800	3,679.42	3,679.42
Stenographer.....	1	2,340	4,604.26	4,604.26
Do.....	2	2,160	4,295.97	4,295.97
Do.....		2,160	4,295.97	4,295.97
Subtotal, staff expense.....	11			90,411.35



## Budget—Continued

Position	Number	Base salary (per annum)	Gross salary (per annum)	Total for period of budget (gross)
<b>ADMINISTRATIVE</b>				
Contribution to civil-service retirement fund (6½ percent of total salaries paid)				\$5,876.74
Travel (inclusive of field investigations)				1,000.00
Hearings (inclusive of reporters' fees)				500.00
Stationery, office supplies				500.00
Communications (telephone, telegraph)				1,200.00
Newspapers, magazines, documents				200.00
Contingent fund				211.91
<b>Subtotal, administrative expense</b>				<b>9,588.65</b>
<b>Total</b>				<b>100,000.00</b>
Less reduction voted by Committee on Rules and Administration Jan. 15, 1958.				10,000.00
<b>Total</b>				<b>90,000.00</b>

Fund requested, S. Res. 209, \$100,000.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, which will be stated by the clerk.

The CHIEF CLERK. On page 2, line 13, after the word "exceed," it is proposed to strike out "\$100,000" and insert "\$90,000."

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended.

The resolution (S. Res. 209), as amended, was agreed to.

Mr. SPARKMAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER (Mr. THURMOND in the chair). Without objection, it is so ordered.

#### INVESTIGATION BY COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. SPARKMAN. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1211, Senate Resolution 208, authorizing the Committee on Post Office and Civil Service to investigate certain specific matters under its jurisdiction.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to; and the Senate proceeded to consider the resolution.

Mr. JOHNSTON of South Carolina. Mr. President, Senate Resolution 208 provides \$50,000 for the Committee on Post Office and Civil Service for the 12-month period beginning February 1, 1958, to enable the committee to continue its investigation of the administration and policies of the postal system, as carried out by the Post Office Department; also the administration of the civil service merit system; and also the administration of the Federal employees group life insurance program, as carried out by the Civil Service Commission.

It will be noted that the committee has already been making these investiga-

tions. Last year, an interim report was filed on post office and civil service matters. Due to the late date that one investigation was started, \$13,000 of last year's appropriation will be returned on January 31.

After full investigation, the committee has unanimously concluded these investigations should be continued. We have in mind a very serious look at the entire structure of the Civil Service Commission, and its relationship with the White House.

We are deeply concerned over the opinion of the present administration of the Civil Service Commission. We are concerned over the caliber of the appointments to this Commission.

The Senate committee has a responsibility in seeing that the civil service is kept strong for the protection of the 2½ million employees as well as America as a whole.

I assure the Senate that if all of the \$50,000 is not needed, I will repeat what I am doing this year, and what I did last year: I will return the unneeded funds. Eighteen thousand dollars remained unspent at the end of the 84th Congress, and was returned; and \$13,000 remains unspent at this time, and is about to be returned.

Mr. ELLENDER. Mr. President, will the Senator from South Carolina yield to me?

Mr. JOHNSTON of South Carolina. I yield.

Mr. ELLENDER. I understand that the Senator from South Carolina also has a resolution which provides for more employees for his committee.

Mr. JOHNSTON of South Carolina. I am glad the Senator from Louisiana has referred to it; I imagine it will be the next resolution to be taken up by the Senate. That resolution provides for one additional stenographer for the full committee. That has been the custom in the committee, under both the Democrats and the Republicans, for the last 10 years. We find it necessary, because of the extra workload of the general committee work.

Mr. ELLENDER. I am not questioning the necessity for it; I merely wished to ascertain whether that resolution will be brought up today.

Mr. JOHNSTON of South Carolina. Yes, it will.

Mr. ELLENDER. Are other funds, in addition to the amount covered by this resolution, being requested?

Mr. JOHNSTON of South Carolina. These are all the funds that are being requested for the committee.

Mr. ELLENDER. Is the committee being operated within the regular allowance?

Mr. JOHNSTON of South Carolina. Yes.

Mr. ELLENDER. As I recall, both last year and the year before last the Senator from South Carolina requested additional funds, in order to operate some other subcommittees.

Mr. JOHNSTON of South Carolina. Not in the last 2 years, but we did have some prior to that time.

The amount now being requested is about half the amount the committee had in 1953 and 1954, as I recall.

Mr. ELLENDER. The Senator from South Carolina stated that a report was made as the result of the expenditure of a little less than \$50,000 last year. Will that investigation lead to proposed legislation?

Mr. JOHNSTON of South Carolina. We certainly hope so; and it led to some last year.

Mr. ELLENDER. Does the Senator feel that the work is not completed?

Mr. JOHNSTON of South Carolina. The committee unanimously feels the work is uncompleted. We are right in the midst of an investigation.

Mr. ELLENDER. Are these studies connected in any manner with proposals to raise postal rates and salaries of postal employees?

Mr. JOHNSTON of South Carolina. Both of those questions are included in our studies. We hope to write off policy for the operation of the post office. We also hope to correct the direction of the path down which the Civil Service Commission is traveling. Many things need to be done to make this the best government in the world. The Government is only as good as its employees.

Mr. ELLENDER. Heretofore most of this work was handled by the regular staff of the committee. The subcommittee, for which there is now being asked the sum of \$50,000, was created during the 84th Congress, in 1955. That year \$75,000 was allowed. During the 2d session of the 84th Congress the committee asked for \$75,000. The committee has spent \$68,750. Now the committee is asking for a reduction in that amount, \$50,000, to be specific.

Mr. JOHNSTON of South Carolina. Yes; that is correct.

Mr. ELLENDER. When does the Senator expect the investigation to be completed?

Mr. JOHNSTON of South Carolina. We are going to do our best to complete it this year. I will not promise that, however.

Mr. ELLENDER. I hope the Senator may succeed in doing so.

The PRESIDING OFFICER (Mr. THURMOND in the chair). The resolution is open to amendment.

If there be no amendment proposed, the question is on agreeing to the resolution.

The resolution was agreed to, as follows:

*Resolved*, That the Committee on Post Office and Civil Service, or any duly authorized subcommittee thereof, is authorized under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdictions specified by rule XXV of the Standing Rules of the Senate, to examine, investigate, and make a complete study of any and all matters pertaining to—

(1) the administration of the Federal employee group life insurance program by the Civil Service Commission;

(2) the administration of the civil-service system by the Civil Service Commission and other agencies of the Government; and

(3) the administration by the Post Office Department of the postal service, particularly with respect to (a) postal policy, (b) research and development, and (c) postal rates.

Sec. 2. For the purposes of this resolution the committee from February 1, 1958, to January 31, 1959, inclusive, is authorized to (1) make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants; *Provided*, That the minority is authorized to select one person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

Sec. 3. The committee shall report its findings, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1959.

Sec. 4. Expenses of the committee, under this resolution, which shall not exceed \$50,000 shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### MILITARY PAY

Mr. STENNIS. Mr. President, there is a great deal of interest regarding the matter of military pay, and I should like to make a brief comment with respect to the Armed Services Subcommittee on Military Pay, of which I am chairman.

First, with regard to the subcommittee hearings, we plan to begin receiving testimony about the middle of February. A definite date cannot be given at this time, because of the number of developments which are pending. The administration's pay proposal was introduced January 23, 1958, as S. 3081. The Department of Defense has not yet compiled the detailed cost information, however, and it will be necessary to have this data at the time the hearings begin.

Next, it is my hope that our hearings can be held more or less concurrently with those of the House Armed Services subcommittee. There will be many witnesses, and if we could hear them immediately following their appearance in the House, our schedule should be much more timely and orderly. It is my understanding that Mr. KILDAY, chairman of the House subcommittee, plans to begin hearings about February 15.

Another development is the fact that the Department of Defense is considering the submission of separate legislation affecting promotion and retention, aimed at improving the quality of military personnel. As we all know, pay alone will not insure the quality of personnel needed by the Armed Forces. This separate package will be an important part of any pay plan, and the subcommittee will desire to know the administration's proposal regarding this problem.

Mr. President, I do not propose at this time to discuss the merits of the Cordiner pay plan. It is generally agreed that some increases should be enacted. I certainly share this view, and insofar as I am personally concerned, there are certain features of the Cordiner plan which appear to have merit. Other parts of the proposal are, however, controversial, judging from the mail and other comments I have received.

There is general agreement as to the problem, which is the fact that younger officers and skilled enlisted men are not remaining in military service beyond their obligated tours. The Cordiner Committee would meet this problem by leaving the pay rates for the lower officers and enlisted grades unchanged, but providing substantial increases for the upper officer and noncommissioned grades. At the same time, two new enlisted grades would be created and the present longevity system abolished. The new pay system would be based entirely on rank and length of service in the rank.

The Cordiner plan was proposed as being the basis for an improved management plan for all military personnel. The subcommittee will, of course, desire to know the details of the Pentagon's personnel management plan, part of which will be the legislation to which I have already referred. The ultimate value of the entire Cordiner approach will depend in large part on the way it would be administered.

Mr. President, I have discussed these points merely to emphasize that the entire military pay problem will require most careful hearings. The issues are detailed and complex and will affect our Armed Forces for years to come.

As the Senate knows, the subcommittee last August heard Mr. Cordiner testify in favor of his Committee's military pay plan which is contained in S. 2014, the bill of the Senator from Arizona [Mr. GOLDWATER] and the Senator from Missouri [Mr. SYMINGTON]. For our forthcoming hearings we shall also have the administration's pay proposal, which differs somewhat from S. 2014, although it does embody the Cordiner philosophy. I should also point out that the House Armed Services subcommittee may recommend legislation which will differ from that recommended by the Cordiner Committee as well as that recommended by the administration. I personally think it would be wise for the Senate to have the House approach to this problem before any final action is taken by the Senate. Mr. KILDAY, one of the ablest members of the House, has had long experience in the field of military pay legislation.

Mr. President, as soon as a definite date can be established, I shall make the proper floor announcement. The Senate can be assured that hearings will be scheduled as soon as the developments I have discussed have materialized to a point where we have sufficient factual information available.

#### EMPLOYMENT OF ADDITIONAL ASSISTANT BY THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1212, Senate Resolution 210, authorizing the Committee on Post Office and Civil Service to employ a temporary additional clerical assistant.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Montana?

There being no objection, the resolution was considered and agreed to, as follows:

*Resolved*, That the Committee on Post Office and Civil Service is authorized, from February 1, 1958, through January 31, 1959, to employ one additional clerical assistant to be paid from the contingent fund of the Senate at rates of compensation to be fixed by the chairman in accordance with the provisions of Public Law 4, 80th Congress, approved February 19, 1947, as amended.

#### STUDY OF ADMINISTRATION OF TRADING WITH THE ENEMY ACT AND WAR CLAIMS ACT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1218, Senate Resolution 232, to make a further study of the administration of the Trading With the Enemy Act and the War Claims Act.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the resolution.

Mr. ELLENDER. Mr. President, I should like to have an explanation of the resolution. What good has come out of past studies and what is the necessity for increasing the allowance from \$35,000, which was spent last year, to \$50,000 this year?

Mr. JOHNSTON of South Carolina. Mr. President, we are asking for the same amount that we requested last year. As to the good that has come from the study, we have passed several bills on the subject matter of vested assets. We have closed out the administration of World War I assets. We have a very complicated statute under study. We are dealing with legislation affecting confiscated properties worth approximately \$600 million. There are many kinds of bills before the committee relating to the disposition of these assets. We are studying the problems to see how they can best be solved. We hope—I for one certainly hope—that the questions involved can be disposed of at this session of Congress. It will be noticed that money was returned by the subcommittee for last year's appropriations. The Senate authorized \$50,000 last year for the



studies. It will be found that \$21,000 of that amount was returned. It will also be found that the administration of the property by the Office of Alien Property is costing the Government at the rate of about \$3 million a year. Since World War II more than \$51 million have been spent in administering the property we vested during the war. We want to eliminate this expense as quickly as we can, in order to save the Government the money it must spend in administering these vested assets.

Mr. ELLENDER. I point out to my good friend that the subcommittee has been working on the subject since 1953. As I have often stated on the floor, it seems that some of these temporary subcommittees become more or less permanent—they never seem to end. They always find more to do. What has this particular subcommittee accomplished during the last year? What good has resulted from its work? Has any legislation been recommended? In other words, what is the subcommittee's record of accomplishments?

Mr. JOHNSTON of South Carolina. Some of the assets were closed out. It must be remembered that some of the properties had been on our hands since the First World War. We passed legislation terminating that program. We are trying to dispose of the matters which have been pending since the close of World War II and get them terminated. I wish to give credit to the minority. The Senator from Illinois [Mr. DIRKSEN] is on the subcommittee. It will be remembered that last year it was decided it would be well to provide additional funds so the minority could have representation on the staff. The minority never chose to place a man on the staff. That resulted in savings last year reflected in our reports. It will be noticed that the resolution provides that the minority may now have a professional staff member.

The Senator will remember that I stated last year it looked as if we were going to have more chiefs than Indians and more top people than people working down below. We have managed to operate with a small staff.

Mr. ELLENDER. Do I correctly understand that it is not the Senator's purpose to employ the minority employee?

Mr. JOHNSTON of South Carolina. That is a matter which under the resolution is left entirely to the minority. It is the minority's prerogative to furnish its representation, not my own.

Mr. ELLENDER. At the moment there are five employees; is that correct?

Mr. JOHNSTON of South Carolina. We have had an average of only 3. The Senator talks about 5, but some of the employees are employed only for short intervals.

Mr. ELLENDER. When does the Senator expect to conclude the work of the subcommittee?

Mr. JOHNSTON of South Carolina. That is what I stated just a moment ago. I certainly hope we can complete the work at this session.

Mr. ELLENDER. I hope so, too.

Mr. JOHNSTON of South Carolina. If the Senate will cooperate and will follow the proposals in my bill, S. 600, we can complete the work of the subcommittee this year.

Mr. ELLENDER. What is it the Senate is not doing that ought to be done?

Mr. JOHNSTON of South Carolina. Let me explain that. I want to correct that statement, for it is not something involving Senate action. I refer to action of the administration. The executive departments have not been uniform in their recommendations, particularly as to what bills they will approve and what bills they will not approve. It seems that the State Department and the Department of Justice have not at all times seen entirely eye to eye on the matter. I think and I am hopeful they will get together in the near future and submit to the subcommittee proposals which I may recommend to it.

Mr. ELLENDER. Instead of the Congress being at fault, would the Senator say the executive department is at fault?

Mr. JOHNSTON of South Carolina. I would in part say that. The Senator knows that when a department builds up a big staff it can always build up a lot of opposition to any suggested change. There were about 140 lawyers in the Justice Department alone advising us what we ought to do with the vested assets. That demonstrates for the Senator how much complication may arise or be involved in the matter.

Mr. ELLENDER. Is there anything the Senate can do to eliminate the necessity for all these extra employees?

Mr. JOHNSTON of South Carolina. We are doing our best; the legislation I propose will eliminate many of them.

Mr. ELLENDER. Can the Senator give us an idea as to how much it is costing the taxpayers to maintain this force under the executive department?

Mr. JOHNSTON of South Carolina. The force under the executive department?

Mr. ELLENDER. Yes.

Mr. JOHNSTON of South Carolina. I can obtain for the Senator the exact figure, but it has averaged \$3 million a year since 1943.

Mr. ELLENDER. Does the Senator refer to people who are employed in order to handle this matter?

Mr. JOHNSTON of South Carolina. That is correct. That figure does not include the lawyers who are employed for the different corporations out of Government in the enterprises under seizure which costs run into millions of dollars per year.

Mr. ELLENDER. Has the subcommittee submitted to the Senate any proposed legislation, any views, or any ideas?

Mr. JOHNSTON of South Carolina. I have presented two bills. Senator DIRKSEN in the 83d Congress presented a somewhat similar measure.

Mr. ELLENDER. For the purpose of terminating the Commission, so that we can save the \$3 million to which the Senator referred?

Mr. JOHNSTON of South Carolina. I have made recommendations. I want the work transferred to another agency in order to close it out.

Mr. ELLENDER. Has anything been done in that regard?

Mr. JOHNSTON of South Carolina. There have been some bills passed to reduce the amount involved, and that should also reduce the number of people who are employed in the administration.

Mr. ELLENDER. What became of those bills? Are they pending?

Mr. JOHNSTON of South Carolina. Some of those bills were passed, Senator. Some are still pending and we confidently hope to end the program before the Congress adjourns. The Congress passed some of them.

Mr. ELLENDER. I do hope that both this subcommittee and the groups under the executive departments will be able to complete the job and save the taxpayers in excess of \$3 million a year.

Mr. JOHNSTON of South Carolina. I agree with the Senator.

Mr. ELLENDER. That would be a substantial saving.

Mr. JOHNSTON of South Carolina. We are awaiting proposals now from the State Department; until they submit them and we can reconcile our differences, the situation is rather difficult of solution.

The PRESIDING OFFICER (Mr. CASE of South Dakota in the chair). The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

*Resolved*, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified by rule XXV of the Standing Rules of the Senate to conduct a further examination and review of the administration of the Trading With the Enemy Act, as amended, and also the War Claims Act of 1948, as amended, and consider bills affecting said acts.

Sec. 2. For the purposes of this resolution, the committee, from February 1, 1958, to January 31, 1959, inclusive, is authorized to (1) make such expenditures as it deems advisable; (2) to employ, upon a temporary basis, technical, clerical, and other assistants and consultants: *Provided*, That the minority is authorized to select 1 person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

Sec. 3. The committee shall report its findings, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1959.

Sec. 4. Expenses of the committee under this resolution, which shall not exceed \$50,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### PAYMENT OF GRATUITY TO ELEANOR J. KEEFER

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1199, Senate Resolution 226.

The PRESIDING OFFICER. The resolution will be read for the information of the Senate.

The resolution (S. Res. 226) was read, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Eleanor J. Keefer, widow of John A. Keefer, an employee of the Senate at the time of his death, a sum equal to 7 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 226) was agreed to.

#### PAYMENT OF GRATUITY TO HESTER SCOTT WAILES AND MARY SCOTT GLASS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1200, Senate Resolution 227.

The PRESIDING OFFICER. The resolution will be read for the information of the Senate.

The resolution (S. Res. 227) was read, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Hester Scott Wailes and Mary Scott Glass, sisters of Louise S. Joubert, an employee of the Senate at the time of her death, a sum to each equal to 5½ months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 227) was agreed to.

#### PAYMENT OF GRATUITY TO LUSANNAH CLARK RICHARDS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1201, Senate Resolution 228.

The PRESIDING OFFICER. The resolution will be read for the information of the Senate.

The resolution (S. Res. 228) was read, as follows:

*Resolved*, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Lusannah Clark Richards, mother of Harriet C. Richards, an employee of the Senate at the time of her death, a sum equal to 6 months' compensation at the rate she was receiving by law at the time of her death, said sum to be considered inclusive of funeral expenses and all other allowances.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 228) was agreed to.

#### EMPLOYMENT OF ADDITIONAL ASSISTANTS AND CONSULTANTS BY THE COMMITTEE ON PUBLIC WORKS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1202, Senate Resolution 213.

The PRESIDING OFFICER. The resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A resolution (S. Res. 213) authorizing the Committee on Public Works to make certain expenditures and employ additional assistants and consultants.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution (S. Res. 213) authorizing the Committee on Public Works to make certain expenditures and employ additional assistants and consultants, which had been reported from the Committee on Rules and Administration with an amendment, on page 2, line 10, after the word "exceed", to strike out "\$100,000", and insert "\$75,000", so as to make the resolution read:

*Resolved*, That the Committee on Public Works, or any duly authorized subcommittee thereof, is authorized under sections 134 and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdictions specified by rule XXV of the Standing Rules of the Senate, from February 1, 1958, to January 31, 1959, inclusive, to (1) make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants: *Provided*, That the minority is authorized to select one person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and of the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any departments or agencies of the Government.

Sec. 2. The expenses of the committee, under this resolution, which shall not exceed \$75,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. ELLENDER. Mr. President, I wonder if we could have an explanation as to the necessity for continuing the work proposed under this resolution. As I remember, during the 84th Congress, 1st session, a resolution was passed to finance a study of the proposed Federal highway program.

I understand that study has been more or less completed. Highway legislation

has been enacted; the expanded Federal Aid to Highway Construction Act is on the statute books. Yet, more money is being demanded. It seems this subcommittee is following the pattern of many others, and will be continued. I should like to know why.

Mr. HENNINGS. Mr. President, in the absence of the distinguished senior Senator from New Mexico [Mr. CHAVEZ], I should like to make a statement to my friend, the Senator from Louisiana.

The resolution would provide the sum of \$75,000 to the Committee on Public Works for administrative expenses and salaries of additional assistants necessary to continue its studies and inquiries, especially in relation to the \$37 billion construction program under the Federal-Aid Highway Act of 1956.

I might say, Mr. President, to the distinguished senior Senator from Louisiana, that the resolution was originally drafted to request the sum of \$100,000, but that sum was reduced to \$75,000 in the Committee on Rules and Administration.

The chairman of the Committee on Public Works, as the Senator knows, is the Senator from New Mexico [Mr. CHAVEZ].

Mr. ELLENDER. What is the necessity for a further study? Has not Congress enacted the law?

Mr. HENNINGS. The original study, Senator, has not been completed.

Mr. ELLENDER. The original study has not been completed, yet the law has been enacted. Why should we continue to study legislation which is now the law of the land?

Mr. HENNINGS. I am not a member of the Committee on Public Works. I will say that the resolution was reported unanimously by that committee.

Mr. ELLENDER. I know. All of the resolutions were reported unanimously.

Mr. HENNINGS. Some were not.

Mr. ELLENDER. There is never opposition. There seems to be virtual unanimity among committee members insofar as these resolutions are concerned.

I remember distinctly that this subcommittee was created for the purpose of making certain studies in connection with the highway bill which was then before Congress. We have passed the highway bill. Why is it necessary to make further studies?

Mr. HENNINGS. Perhaps we can shed some light on that.

Mr. CASE of South Dakota. Mr. President, I wonder if the Senator will yield to me.

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator yield to the Senator from South Dakota?

Mr. HENNINGS. I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, as a member of the Committee on Public Works and the ranking minority member on the Subcommittee on Public Roads, possibly I can give a little information on the point which has been raised.

It is true that the Federal-Aid Highway Act of 1956 launched the interstate program. The Senator from Louisiana



will recall that one provision of the act of 1956 was to require that the Bureau of Public Roads and the several State highway commissions should submit to the Congress a new estimate of costs for completing the system, which should be submitted by January 12 of this year, and that that new estimate of cost would, if approved by the Congress, be the basis for the apportionments to the several States in the succeeding 3 years.

Now, that estimate of cost has been submitted. The distinguished Senator from Tennessee [Mr. GORE] has been conducting hearings upon the status of the new highway program. Presently he has the staff at work analyzing these estimates of cost from the several States.

Mr. ELLENDER. How will that affect the present law? Is it the purpose of the subcommittee to make studies that may lead to further legislation?

Mr. CASE of South Dakota. Yes.

Mr. ELLENDER. What are those studies?

Mr. CASE of South Dakota. This year the Congress will pass the Highway Act of 1958. The Congress passes a highway act every 2 years which becomes the basis for the apportionment to the States for the regular, primary, secondary, and urban systems of Federal aid.

This year, in addition to the responsibility under the biennial Highway Act, there is the responsibility of analyzing the cost estimates on the Interstate System. The act of 1956 provided that for the first 3 years the apportionments for the Interstate System would continue under the old formula, but because of a difference of opinion, or because of the conviction of the committee and of the Senate that the original estimate of costs was far out of line, with many variations between the different States, the Bureau was directed to make this new study. The estimates now submitted must be considered by the Congress in this session as the basis for the apportionments for the Interstate Highway System for the next 3 years.

The law provides that the estimates may be approved by the Congress by concurrent resolution; and until they are we have no basis for the apportionments for the Interstate System for the next 3 years.

Mr. ELLENDER. Does the Senator take the position that this subcommittee will have to be a continuing subcommittee to constantly scrutinize what the executive branch is doing in administering the Highway Act? That would seem to be what he is saying.

Mr. CASE of South Dakota. There would be some support for the proposition which the Senator has stated; but by law, this particular session of Congress has the responsibility of passing judgment upon these estimates of costs. There was a great variation in the estimates of costs originally. The Congress rejected them.

The Bureau has responded to the direction of the 1956 act in submitting these estimates. They are very thorough and detailed books. The book for each State would almost make a mountain. The books are very involved and detailed.

At the present time the regular staff of the committee and those who are employed under the authority of the resolution of the past are working with representatives from the Comptroller General's Office in making an analysis of the costs, in order that the committee may make a sound recommendation to the Senate with respect thereto.

Mr. ELLENDER. Does the Senator mean a determination as to whether or not the costs are too high?

Mr. CASE of South Dakota. Yes.

Mr. ELLENDER. What authority would Congress have in that area inasmuch as the administration of the law which we enacted is committed to the executive branch?

Mr. CASE of South Dakota. The law of 1956 provided that this Congress should consider these estimates to determine whether or not they would form a sound basis for making apportionments to the States.

Mr. ELLENDER. Does that provision relate merely to this year, or does it apply to every year?

Mr. CASE of South Dakota. It relates to this year, and other future years.

Mr. ELLENDER. If I correctly understand the Senator, after this year there will be no need for this expenditure?

Mr. CASE of South Dakota. The Senator from South Dakota would not wish to take the responsibility for making such a statement for the chairman or other members of the committee. By the terms of the 1956 act, this is the basic estimate of costs. Three years from now that subject is again to be examined, in the light of any changes in costs at that time. However, this is the basic estimate, and without it there can be no apportionment among the States. The validity of these estimates will determine how much shall be apportioned to the State of Louisiana, the State of Missouri, and every other State, for the Interstate System. The Subcommittee on Public Roads will probably want to look into the status and progress of the national highway program every year in an effort to expedite its prosecution and if possible assist in removing any obstacles that might be slowing down the program.

Mr. ELLENDER. I can see how this might well become another temporary but permanent subcommittee.

Mr. CASE of South Dakota. The future, of course, is in the hands of subsequent Congresses.

Mr. ELLENDER. The situation to which I refer is not peculiar to this subcommittee. I have seen very few temporary subcommittees which did not become, in effect, permanent fixtures.

Mr. CASE of South Dakota. Very few committees have had placed upon them the degree of responsibility under a law enacted by Congress as that which rests upon the Public Works Committee, in this session of Congress, to make an analysis of the cost estimates in connection with a \$37 billion program, and report to the Congress the precise basis upon which the Congress will make the apportionment to the several States of highway funds.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The resolution, as amended, was agreed to.

#### INVESTIGATION BY COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1216, Senate Resolution 229, authorizing the Committee on Interior and Insular Affairs to investigate certain matters under its jurisdiction.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported from the Committee on Rules and Administration with an amendment, on page 2, line 16, after the word "information," to strike out "which shall not exceed \$180,000, shall be paid from" and insert "facilities, and personnel of any of the departments or," so as to make the resolution read:

*Resolved*, That the Committee on Interior and Insular Affairs, or any duly authorized subcommittee thereof, is authorized under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdictions specified by rule XXV of the Standing Rules of the Senate, to examine, investigate, and make a complete study of any and all matters pertaining to—

- (1) minerals, materials, and fuels;
- (2) irrigation, reclamation, and power development;
- (3) public lands;
- (4) Indians;
- (5) Territories and insular affairs.

SEC. 2. For the purposes of this resolution the committee, from February 1, 1958, to January 31, 1959, inclusive, is authorized to (1) make such expenditures as it deems advisable; (2) to employ upon a temporary basis technical, clerical, and other assistants and consultants: *Provided*, That the minority is authorized to select one person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 3. Expenses of the committee, under this resolution, which shall not exceed \$180,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

Mr. MURRAY. Mr. President, this resolution would authorize the expenditure of \$180,000 by the Committee on Interior and Insular Affairs for investigation of the various problems coming within the committee's jurisdiction. This is the same amount that was appropriated last year, and it is necessary to have this amount in order to carry on the activities of the committee.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MURRAY. I yield.

Mr. ELLENDER. Are there any other subcommittees of the Committee on Interior and Insular Affairs for which money is asked?

Mr. MURRAY. No. This will take care of any subcommittees we have that are conducting additional investigations. The amount is \$180,000, the same as last year.

Mr. ELLENDER. There are no additional requests on the part of the full committee, either.

Mr. MURRAY. That is correct. This committee has very wide jurisdiction, covering Indian affairs, mining, public lands, resources, irrigation, reclamation, Territories, and insular affairs.

I should take a trip to some of the island possessions every year, but I do not. I have not been to Puerto Rico or any of the other possessions in that part of the world, but I shall look into the subject and see if I cannot have a couple of nice trips arranged for myself, which will help the committee to handle its problems.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The resolution, as amended, was agreed to.

#### CONTINUATION OF SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1213, Senate Resolution 221.

The PRESIDING OFFICER. The resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A resolution (S. Res. 221) continuing the Select Committee on Improper Activities in the Labor or Management Field, and increasing the limit of expenditures.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. McCLELLAN. Mr. President, I shall discuss both resolutions, Senate Resolution 221 and Senate Resolution 222. Senate Resolution 222 calls for \$20,000, and I assume that resolution will be called up next. Its purpose is providing for the necessary cost of operating the select committee during the past year.

When I appeared before the Committee on Rules and Administration, in July, I believe it was, to ask for additional funds, some members of the Committee on Rules and Administration suggested that we possibly were not asking for as much money as we would find necessary with which to operate the select committee. I said at that time that we had operated as economically as possible, and, if necessary, we would return early in January and submit a resolution for any additional funds we might need.

In Senate Resolution 221 we are asking for the same amount that was authorized

for the use of the select committee during the last year, the first year of the select committee's existence, namely, \$500,000.

I know that figure sounds like a great deal of money. In a letter to the Committee on Rules and Administration I reported how the money was expended last year, and the amount of work the select committee had done. I may say that the task given the select committee is one of the most stupendous and most arduous and most difficult the Senate has ever given to any committee. We worked faithfully last year. We have tried to economize in the use of the funds. In no instance have I taken the committee to hold hearings in distant cities; all hearings have been held here in the Capital. I concluded that it would be more economical to bring witnesses here than to take the members of the committee and all the necessary members of the staff to other places to hold hearings. There is one exception to that; we had to hold an executive session in New York City on one day, to take some testimony which was important at that time, in order to forestall some action we thought was improper. The witnesses in that hearing subsequently were brought to Washington for public hearings.

As chairman of the committee, I took no vacation. We held public hearings every month until now. We have held public hearings on more than 100 days and heard more than 450 witnesses.

As a result of the hearings scandalous exposures have been made within both the labor and management fields, and actions have been taken by the AFL-CIO to expel some unions which are under corrupt leadership. I anticipate that other similar actions will be taken by the AFL-CIO, although I would not attempt at this time to identify the unions.

The record which the committee has made presents to the Senate and to Congress an irrefutable record, under oath, of improper activities, upon which the committees of Congress can begin to predicate remedial legislation. I would not say that all remedial legislation would now be supported by the record made by the committee. However, I anticipate that possibly by the end of another year the record will be so complete that possibly all remedial legislation which is indicated could be predicated upon the record of the hearings.

I might state, further, that we have received approximately 75,000 to 100,000 letters. Most of the complaints we have received are from union members and members of their families.

Notwithstanding the great expenditures, as viewed from the standpoint of the amount of money, as compared with the amounts appropriated to other committees for their work, it would be impossible for the select committee, working on the kind of schedule on which we have worked during the year, to screen and process and evaluate and investigate and report upon the complaints which the select committee now has, within a period of some 5 or 6 years.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. McCLELLAN. I am very happy to yield.

Mr. KNOWLAND. This committee was set up under a special resolution, which provided for equal representation from both sides of the aisle, and is under the able and distinguished chairmanship of the Senator from Arkansas. I think I may say without fear of contradiction that the work he has done commands the confidence of the Senate and of the country.

I think he and his committee have performed useful service for the Nation in the work which they have carried on—and, I might add, for organized labor as such—in helping to uncover and to disclose those activities which are not in the best interests of the rank-and-file members of organized labor.

I think the Senator from Arkansas and his committee are laying a foundation for legislation which will protect the rank and file of the workers from the improper activities which have so far been revealed.

I hope the Senate may unanimously support this committee in its work. The committee, during the time it has been in existence, has spent its funds with prudence. It has carried on its work in the highest and finest traditions of the Senate.

Speaking as one Senator on this side of the aisle, I highly commend the distinguished Senator from Arkansas and his colleagues for the work they have done and are doing.

Mr. McCLELLAN. I thank the distinguished minority leader. I know that each member of the committee is grateful to him for his expressions of approval of and confidence in the work we are doing.

The annual report to the Senate, required by the original resolution, is now in preparation. About three-fourths of it, perhaps more, is completed at this time. I think it will be filed within the next 2 or 3 weeks. The committee will have to meet to go over it and try to resolve any differences, if there are any.

I hope—and I have reason to believe—that the committee will recommend some specific legislation based upon its work in the past year. Already a number of bills have been introduced by several Members of the Senate, bills in the nature of remedial legislation, as the need for such legislation was reflected by the record made by the committee.

I am confident that the record as made certainly warrants action at this session of Congress on some of the bills which have been introduced. I hope the Senate will at this session of Congress pass some of these bills or some other bills which will provide the kind of legislation which the record indicates is needed—as the distinguished Senator from California has said, needed to protect the workingmen of the country, the people who do the work, earn the money, pay the dues, and support the labor organizations.

I believe the committee has tried to operate bearing in mind the primary considerations of what is good, right, and proper practice with respect to the men



who work and who support these organizations. I hope that constructive legislation will result.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield to my distinguished friend from Louisiana.

Mr. ELLENDER. I join the distinguished minority leader in his tribute to the committee, and particularly as it concerns the work done by my good friend from Arkansas—much of which was beyond the call of duty. He has given unselfishly of his time and energy.

I have only one question to ask. As I recall, when the committee was created, the Senator from Arkansas thought its work could be finished in about 2 years. Does the committee intend to go further into the activities of labor organizations, or will the committee now look into the management side, as well?

Mr. McCLELLAN. We have requests to look into management. As I interpret the resolution creating the committee and conferring jurisdiction upon it, we go into management so far as management has relations with labor or employment. I do not think the committee was set up to investigate the SEC or some other phase which is covered by other committees. But where there are management-labor relations, this committee has jurisdiction. We have gone into one phase of management.

Mr. ELLENDER. My only reason for asking the question is that I recall reading a statement by the distinguished chairman of the select committee that in time the committee would investigate certain practices within management. Is it the Senator's view that besides investigating matters relating to labor, the committee will also look into matters relating to management?

Mr. McCLELLAN. I have in mind some improper practices within labor itself which the committee would be interested to investigate, namely, the management of labor unions. We get into that field particularly in the misuse of union funds, and again in the lack of democratic processes within unions. Those are two aspects which are directly related to improper practices of labor, in which management may not be involved at all.

It is said that we are investigating labor all the time. First, we had the Shefferman case, the case of a middleman who was actually playing both sides against the middle. He was hired primarily by management to keep unions out of certain shops and to keep unions from organizing within the shops. We went into that matter thoroughly. That came out in our investigation of labor relations. It gave us a lead. Shefferman, as may be recalled, bought about \$85,000 worth of goods or merchandise for Mr. Dave Beck, and the union paid Shefferman for it.

When we got into that field, we found some other practices of Shefferman, who was hired by management, which were highly improper from our viewpoint. We had a full hearing on the matter.

I feel sometimes that it is my duty as chairman to express my views as the hearings develop. At the conclusion of

the hearings, the chairman paid his modest respects to some of the practices which had been revealed and to those who had participated in the improper practices.

We get into the management aspect of the question often through the "sweetheart" contracts, under which a crooked labor leader is paid off, or some arrangements are made which benefit both management and some labor leaders to the detriment of the men who work.

We have not tried to shield management. Any lead or suggestion that we get which indicates that management in this area is doing something wrong or improper will be investigated, the same as any other improper activity.

In many of the investigations, when we get away from the internal affairs of the union—the misuse of union funds, undemocratic processes, the filing of improper reports, and so forth—we then get into relations as between labor and management.

In most instances in which it is found that someone representing labor has done something wrong, particularly when collusion is involved, it is found that in that area someone representing management is equally guilty. So it is hard to separate the two. Even when we hold a hearing on union activities in one area or another area, management is involved, too.

Mr. ELLENDER. On page 7 of the report, I notice an item of \$35,000 for an accounting firm.

Mr. McCLELLAN. Yes.

Mr. ELLENDER. And on page 8, I find that the expenses—apparently for 11 months—amounted to \$41,698.54. Does the committee employ only one firm; or do any of the persons employed—such as investigators or persons employed in any other capacities—do some of the accounting work?

Mr. McCLELLAN. They do some of it. But we employ one firm of accountants, with its staff.

Mr. ELLENDER. How is it paid?

Mr. McCLELLAN. It is paid by contract at so much an hour; and the contract is approved by the Committee on Rules and Administration.

Mr. ELLENDER. Is the contract for a certain number of employees?

Mr. McCLELLAN. It is for the hours worked. On 1 day, perhaps 2 will be working; on the next day, perhaps 3 or 4 will be working.

Let me say to the Senator from Louisiana that the accounting firm—

Mr. ELLENDER. I am familiar with it; I had it do work for the Committee on Agriculture and Forestry.

Mr. McCLELLAN. Without the assistance of excellent accountants, it would be impossible for the committee to dig into the records and expose crookedness. Let me say that this accountant has been working for the permanent subcommittee.

Mr. ELLENDER. He has been working on the Hill ever since I have been here; I know him.

Mr. McCLELLAN. Yes; and I do not think a better one can be found.

Mr. ELLENDER. Does the amount requested for accounting also include travel expense?

Mr. McCLELLAN. Yes.

Mr. ELLENDER. It is on a per diem basis or a per hour basis?

Mr. McCLELLAN. The contract price covers the travel and per diem.

Mr. ELLENDER. Very well.

Mr. McCLELLAN. Mr. President, I wish to say that I appreciate the remarks of the distinguished Senator from Louisiana.

If I have ever performed any service over and above and beyond the call of duty, I certainly have during the last year, by giving this matter my constant attention. Sometimes I have had to do it to the neglect of my normal, regular duties, which should have received more of my attention. But this job must have constant supervision, daily, by means of daily conferences, if the work is to be done effectively and efficiently, and if the committee is not to throw away money. The committee will not throw it away if I can prevent it, and I think I can prevent it.

Mr. ELLENDER. Besides all the fine work that I know my good friend, the Senator from Arkansas, is doing, I know that he is attending very well to the interests of his constituency in Arkansas.

Mr. McCLELLAN. I thank the Senator from Louisiana.

Mr. President, I ask for consideration of the amendment reported by the committee.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 3, line 11, after the word "the", it is proposed to insert "chairman of the", so as to make the resolution read:

*Resolved*, That the select committee, authorized and directed to conduct an investigation and study of the extent to which criminal or other improper practices or activities are, or have been, engaged in in the field of labor-management relations or in groups or organizations of employees or employers, to the detriment of the interests of the public, employers, or employees, and to determine whether any changes are required in the laws of the United States in order to protect such interests against the occurrence of such practices or activities, established by Senate Resolution 74, 85th Congress, 1st session, agreed to January 30, 1957, as amended by Senate Resolution 88 of the 85th Congress, 1st session, agreed to February 7, 1957, is hereby continued. Any vacancy in the select committee so continued shall be filled in the same manner as the original appointments were made under section 2 of Senate Resolution 74, 85th Congress, 1st session, as amended.

SEC. 2. For the purposes of this resolution, the select committee, from February 1, 1958, to January 31, 1959, inclusive, is authorized, as it may deem necessary and appropriate to (1) make such expenditures from the contingent fund of the Senate; (2) hold such hearings; (3) sit and act at such times and places during the sessions, recesses, and adjournment periods of the Senate; (4) require by subpoena or otherwise the attendance of such witnesses and production of such correspondence, books, papers, and documents; (5) administer such oaths; (6) take such testimony, either orally or by deposition; (7) employ on a temporary basis such technical, clerical, and other assistants and consultants; and (8) with the prior consent of the executive department

or agency concerned and the Committee on Rules and Administration, employ on a reimbursable basis such executive branch personnel as it deems advisable; and further with the consent of other committees or subcommittees, to work in conjunction with and utilize their staffs, as it shall be deemed necessary and appropriate in the judgment of the chairman of the select committee.

Sec. 3. Notwithstanding the provisions of section 3 of Senate Resolution 74, 85th Congress, as amended, the select committee shall report its findings, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1959, on which date the select committee shall cease to exist.

Sec. 4. Notwithstanding the provisions of section 5 of Senate Resolution 74, 85th Congress, as amended, expenses of the select committee, under this resolution, shall not exceed \$500,000 and shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

The amendment was agreed to.

The resolution (S. Res. 221), as amended, was agreed to.

#### SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

Mr. SPARKMAN. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1214, Senate Resolution 222, increasing the limit of expenditures by the Select Committee on Improper Activities in the Labor or Management Field.

The motion was agreed to, and the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on agreeing to the resolution.

The resolution was agreed to, as follows:

*Resolved*, That the amount authorized in Senate Resolution 74, agreed to January 30, 1957, and Senate Resolution 186, agreed to August 26, 1957, 85th Congress (authorizing and directing the committee to conduct an investigation and study of the extent to which criminal or other improper practices or activities are, or have been, engaged in in the field of labor-management relations or in groups or organizations of employees or employers to the detriment of the interests of the public, employers, or employees, and to determine whether any changes are required in the laws of the United States in order to protect such interests against the occurrence of such practices or activities), is hereby increased by the additional amount of \$20,000.

#### ADDITIONAL EXPENDITURES BY COMMITTEE ON GOVERNMENT OPERATIONS

Mr. SPARKMAN. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1215, Senate Resolution 223, authorizing the Committee on Government Operations to make additional expenditures and perform certain acts.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to; and the Senate proceeded to consider the reso-

lution, which had been reported from the Committee on Rules and Administration with an amendment on page 1, line 10, after the word "advisable", to insert a colon and "Provided, That the minority is authorized to select one person for appointment and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee," so as to make the resolution read:

*Resolved*, That in holding hearings, reporting such hearings, and making investigations as authorized by section 134 of the Legislative Reorganization Act of 1946 and in accordance with its jurisdictions under rule XXV of the Standing Rules of the Senate, the Committee on Government Operations, or any subcommittee thereof, is authorized from February 1, 1958, through January 31, 1959, (1) to make such expenditures as it deems advisable; (2) to employ upon a temporary basis such technical, clerical, and other assistants and consultants as it deems advisable: *Provided*, That the minority is authorized to select one person for appointment and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the head of the department or agency concerned, and of the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

Sec. 2. The expenses of the committee under this resolution, which shall not exceed \$200,000, shall be paid from the contingent fund of the Senate by vouchers approved by the chairman of the committee.

Mr. McCLELLAN. Mr. President, I am ready to answer any questions on the resolution. It authorizes the Committee on Government Operations to make additional expenditures and perform certain acts. This matter relates to the Permanent Subcommittee on Investigations. This year we are asking for, I believe, \$10,000 or \$12,000 less than last year. Last year we had approximately \$10,000 or \$12,000 left over.

Mr. President, I think we obtained some excellent results by means of the money expended by the committee last year. I should like to point out that the committee pays for itself over and over, each year.

One of the major things the committee accomplished during the past year was that it obtained information that things were not going along properly in the Northeast Air Command. We investigated the matter, and found, I can say, that millions of dollars of waste was occurring by reason of having excess supplies shipped there and thrown on the beach and left to deteriorate. So much was on hand, that finally some of it was buried in the ground. We were able to recover some of it.

As a result of the pinpointing of this matter, the Assistant Secretary of Defense, under whose jurisdiction supplies come, has instituted—and it is now in process—an inspection and checkup on their bases everywhere in the United States, so as to make sure that these ex-

cess supplies are curbed, and thus that no waste occurs.

I can say without any reservation that one thing alone aside from the other things we have done, is calculated to save this Government millions and millions and millions of dollars.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The resolution, as amended, was agreed to.

Mr. McCLELLAN. Mr. President, I desire to thank the distinguished acting majority leader, the Senator from Alabama [Mr. SPARKMAN], for his courtesy in handling these resolutions, inasmuch as it is necessary that I return to the committee before 2:15 p. m. The select committee will resume hearings in the next few minutes. I thank the Senator from Alabama very much indeed.

#### INVESTIGATION OF MATTERS PERTAINING TO CONSTITUTIONAL RIGHTS

Mr. SPARKMAN. Mr. President, I move the Senate proceed to the consideration of Calendar No. 1219, Senate Resolution 234, to investigate matters pertaining to constitutional rights.

The motion was agreed to; and the Senate proceeded to consider the resolution.

Mr. HENNINGS. Mr. President, this matter relates to a standing subcommittee of the Judiciary Committee.

In 1957 the subcommittee conducted public hearings on 13 days, on 15 Senate bills, and also on a subcommittee print dealing with proposals to secure, protect, and strengthen rights of persons under the Constitution and laws of the United States. After considering the several bills before it, the subcommittee reported S. 83, with an amendment, by a divided vote, to the full committee, recommending that the committee consider the bill favorably, subject to further amendments or substitution. A minority subcommittee report, urging rejection of the bill, was also submitted to the full committee.

Mr. President, I may say that the proponents of this measure, as well as its opponents, had recourse to the staff and its assistants and research facilities.

The subcommittee held public hearings concerning State Department restrictions on travel abroad by accredited American representatives of United States news-gathering agencies, and also compiled a wealth of information concerning American passport operations and procedures; this material is ready for publication. Draft legislation has been prepared, to be circulated for co-sponsorship.

Pending before the subcommittee are two bills, S. 921 and S. 2148, dealing with freedom of information in the executive branch of the Government. Hearings were scheduled last year, but had to be postponed. We expect Attorney General Rogers—who has given me his personal assurance that he will attend—to be the first witness to testify on the asserted



privilege of the Chief Executive to withhold information from the Congress and Congressional committees.

Granting, for the sake of argument, that this privilege may exist for the Chief Executive himself, I have serious, unanswered questions in my own mind as to the extent to which this privilege can be delegated to subordinate administrative agency employees.

In addition, this committee has investigated and undertaken to protect the rights of American servicemen tried in foreign jurisdictions under the status-of-forces agreements.

The committee has an average of over 100 letters a week directed to it; 300 telephone calls a week; service to Members of Congress, including interviews and conferences on individual problems referred to the subcommittee by Representatives and Senators, averaging 20 hours a week; research and legislative analysis averaging 80 hours a week.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HENNINGS. I yield.

Mr. ELLENDER. This is another one of those so-called temporary investigations that started out with an authorization of \$50,000 during the 84th Congress, 1st session, and, in the 84th Congress, 2d session, it received over \$91,000. The committee is now asking for \$115,000. What is the purpose of the additional amount?

Mr. HENNINGS. This is the amount the committee has requested each time.

Mr. ELLENDER. No. The committee is asking for \$115,000 according to my information.

Mr. HENNINGS. Last year we asked for \$115,000, too, but we received only \$100,000.

Mr. ELLENDER. The committee received \$100,000 last year. Why does the committee seek \$115,000 this year? Why cannot the committee do its work with \$100,000?

Mr. HENNINGS. Because the workload is increasing.

Mr. ELLENDER. The workload? Does the Senator mean he needs more employees?

Mr. HENNINGS. Yes; to hold more hearings as necessary to the studies being conducted.

Mr. ELLENDER. How long will the work continue?

Mr. HENNINGS. This is a standing subcommittee. Matters affecting constitutional rights and the Bill of Rights are considered by the subcommittee. I do not think those questions will ever cease to plague us, whether anyone wants such matters to plague the committee or not. Being a standing subcommittee, we need the material to do the job.

Mr. ELLENDER. That is the same argument we have heard before.

Mr. HENNINGS. It may be the same argument, but we have done much labor on the committee. Some of us have worked out of season, when others have been vacationing. The committee has heard matters having to do with the loyalty-security program. I am sure the Senator from Louisiana would approve of it if he were more familiar with the work of the committee.

Mr. ELLENDER. I happen to be familiar with the work of the committee. I also happen to be the chairman of a committee that does a great deal of work after the sessions of Congress, and we do not require large, continuing supplemental appropriations.

Mr. HENNINGS. I did not intend to question the Senator's diligence, his enterprise, and his output of energy. I merely point out that this committee has many, many functions, which are particularly important to the United States Senate, the Members of which constantly are directing inquiries to us, which must be answered, and which require much research. The Senator, being an able lawyer, knows those questions are not answered offhand or in curbstone fashion.

Mr. ELLENDER. I wish to point out again to the Senate that the Judiciary Committee obtains more extra money from the Senate than any other committee, and probably as much as the combined total authorized for the standing committee.

Mr. HENNINGS. How much, in terms of the percentage of legislation brought to the Senate, does the Senator suggest emanates from the Judiciary Committee?

Mr. ELLENDER. Well, if one considers bills involving small claims against the Government, I suppose it is a great deal. I used to handle such matters with a \$3,500 clerk at one time. The Senators themselves did the work. We had a committee that clicked. All of us investigated every claim. Now, since the Reorganization Act, the same work is costing the American taxpayers probably half a million dollars, because, aside from the amount of work done by the committee on these small claims, there is an additional sum paid to the Attorney General's office.

Mr. HENNINGS. I am sure the distinguished Senator is well aware that, unhappily, the Committee on the Judiciary exists as a justice-of-the-peace court on small claims. The committee must consider those matters, and we do not enjoy doing that work. We would like to find some way to get out of it if we could.

Mr. ELLENDER. Most of the work is done by clerks or lawyers.

Mr. EASTLAND. Mr. President, if the Senator will yield, I should like to say I cannot imagine a more fertile field in which to save money than by having an adequate staff to handle claims.

Mr. HENNINGS. Having been on that committee 5 or 6 years, I know claims are scrutinized, and often rejected, all to the saving of the American taxpayer. Since the Committee on the Judiciary seems to be somewhat in issue here, I should like to point out that the last figure I have on the question shows that the committee reports 54 percent of the legislation before the Senate. The Senator has referred to little claims. We have to consider all of them.

Mr. ELLENDER. I wish to say to my good friend the Senator from Missouri that it is my recollection that when I was chairman of the Claims Committee,

before the Reorganization Act the committee used to report 54 percent of the bills before the Senate. We did it with one \$3,500-a-year clerk.

Mr. HENNINGS. I am sure the distinguished chairman of the Committee on the Judiciary, the Senator from Mississippi [Mr. EASTLAND], who is present, will confirm the fact that the committee works very hard. I point out to the Senator that consideration of claims sometimes consumes a large part of the work of the committee. The committee does look into the claims. It rejects many of them. Many of the claims are reduced. I think, all considered, the committee saves millions of dollars that might otherwise come out of the Public Treasury.

Mr. President, I point out again that the chairman of the Judiciary Committee is present, and he will attest to the fact that we have suffered more, as a committee, under the reorganization than has any committee in the Congress, because we have been handed a great deal of tedious detail.

Mr. EASTLAND. And that we would like to get rid of.

Mr. HENNINGS. The committee has to handle claims amounting to less than a hundred dollars, and other such small matters. I think the chairman will agree with the statement I have made.

Mr. EASTLAND. Some of the claims may involve \$1 million. The committee would like to get rid of the whole lot.

Mr. ELLENDER. Mr. President, I send an amendment to the desk, to reduce the amount on page 2 of the resolution from \$115,000 to \$100,000. This would provide the same amount as last year. Will the Senator accept that?

Mr. HENNINGS. No; I will say, in reply to that statement, that we shall have a very hard time doing the work for the full amount of money.

May I ask one of the staff members how much we returned this year?

Mr. ELLENDER. That would be an even greater reason to have the cut applied, if some money was returned from the \$100,000.

Mr. HENNINGS. We are returning about \$25,000.

Mr. ELLENDER. I see.

Mr. HENNINGS. The reason for that, I might say to my distinguished friend, is that we are constantly being asked to hold hearings on various subjects, but it so happened that the chairman of the subcommittee had an illness which made it impossible to conduct some of the hearings which we had planned during the last session. For that I am responsible. Nonetheless, the staff has to be kept on a standby basis and has to be kept intact. I will say to my distinguished colleague, the Senator from Louisiana, that we need every one of the staff.

Mr. ELLENDER. By providing \$100,000, as was provided last year, Senator, the same staff could be employed.

Mr. EASTLAND. Mr. President, will the Senator yield for a question?

Mr. HENNINGS. I am glad to yield to the Senator.

Mr. ELLENDER. I have the floor at the moment.

Mr. EASTLAND. Excuse me, Senator. I am sorry.

Mr. ELLENDER. The Senator said he asked for \$100,000 last year, but returned \$25,000, under the circumstances he indicated.

Mr. HENNINGS. We expect to return what we do not use this year.

Mr. ELLENDER. Why not make the sum the same as that provided last year? Why increase it over the amount authorized last year, of which some \$25,000 was not spent?

Mr. EASTLAND. Mr. President, will the Senator yield for a question?

Mr. HENNINGS. I am glad to yield to my colleague, the distinguished and able chairman of the committee.

Mr. EASTLAND. The Senator's subcommittee carefully studied the request, did it not?

Mr. HENNINGS. It did indeed.

Mr. EASTLAND. The Committee on the Judiciary carefully considered the request, did it not?

Mr. HENNINGS. The Committee on the Judiciary did, and so did the Committee on Rules and Administration.

Mr. EASTLAND. Was it not the unanimous judgment of those two committees and of the subcommittee that the money was necessary for the operation of this particular subcommittee?

Mr. HENNINGS. It was, indeed. The breakdown was just as complete as that offered by the distinguished Senator from Arkansas, whose resolution seemed to meet with no opposition from the distinguished Senator from Louisiana.

I think the work of the Constitutional Rights Committee, which involves the protection of our servicemen abroad and other items, is extremely important. We went into the trial in Japan, the Girard trial. We sent an observer to that trial to see that that soldier's rights were being adequately protected. Those cases come to our attention constantly. As to some of them, we must do considerable research to determine whether we should go ahead. On others we have to go ahead immediately.

I think the Senator will agree, since he is a great constitutionalist and a fine lawyer, that many of those items are of the utmost importance to the people of this country. Our committee is one of the few forums to which the people can turn when they cannot get action and cannot get what they desire from the Department of Justice.

Mr. ELLENDER. Will the Senator tell us some of the specific achievements of this subcommittee, insofar as the Girard case was concerned? Have we not provided courts to do such work? Could it not be done by the Attorney General?

Mr. HENNINGS. We have no court in Japan. As the Senator well knows, the military service turned Girard over to the civilian court in Japan. We sent a member of the staff over there to observe and to determine the atmosphere surrounding the entire case. We were not interested in Girard as a cause célèbre, necessarily. We were interested in him as an American serviceman. We sent an observer over there to see what the atmosphere was surrounding the trial and what the judicial temperament was

of the body which was to try him. The observer was sent for that purpose because we thought it was our duty to consider the matter.

Mr. President, I ask for a vote.

Mr. ELLENDER. I submit the amendment, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Louisiana.

The clerk will report the amendment.

The CHIEF CLERK. On page 2, line 16, it is proposed to strike out the numeral and insert "\$100,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was rejected.

Mr. HENNINGS. Mr. President, I now ask for a vote on the resolution.

The PRESIDING OFFICER. The resolution is open to further amendment. If there be no further amendment to be offered, the question is on agreeing to the resolution.

The resolution (S. Res. 234) was agreed to, as follows:

*Resolved*, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdictions specified by rule XXV of the Standing Rules of the Senate, to examine, investigate, and make a complete study of any and all matters pertaining to constitutional rights.

SEC. 2. For the purposes of this resolution the committee, from February 1, 1958, to January 31, 1959, inclusive, is authorized to (1) make such expenditures as it deems advisable; (2) to employ upon a temporary basis technical, clerical, and other assistants and consultants: *Provided*, That the minority is authorized to select one person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 3. The committee shall report its findings, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1959.

SEC. 4. Expenses of the committee, under this resolution, which shall not exceed \$115,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### ADDITIONAL FUNDS FOR THE JOINT COMMITTEE ON WASHINGTON METROPOLITAN PROBLEMS

Mr. SPARKMAN. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1228, Senate Concurrent Resolution 57.

The PRESIDING OFFICER. The concurrent resolution will be stated by title for the information of the Senate.

The CHIEF CLERK. A concurrent resolution (S. Con. Res. 57) providing additional funds for the Joint Committee on Washington Metropolitan Problems.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to; and the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The resolution is open to amendment.

Mr. ELLENDER. Mr. President, is this a resolution similar to the resolution which was adopted last year, for the same amount?

Mr. BIBLE. Mr. President, this represents simply a continuation of the resolution which was adopted a year ago. There were amounts unexpended. The resolution is continued in effect pursuant to the original resolution, until January 31, 1959.

Mr. ELLENDER. Without additional funds?

Mr. BIBLE. Let me clarify my statement. The original resolution was approved last August and \$50,000 was authorized for the work of the Joint Committee on Washington Metropolitan Problems. The request of the committee was for \$80,000. The Committee on Rules and Administration cut the request to \$50,000, based on the fact that a new request for funds had to be made by February 1 of each year.

The only difference between the amount requested originally and the amount requested now is a difference of \$6,000. We estimated then the total cost of the study would be \$80,000. To date we have spent \$6,000. Therefore, there is a \$6,000 differential, based on the experience of the staff of the committee for the past 2 months. We spent \$6,000 in the past 2 months.

Mr. ELLENDER. Am I to understand that of the amount appropriated during the last session of Congress only a little over \$6,000 has been spent?

Mr. BIBLE. That is correct.

Mr. ELLENDER. Is it correct then that if the resolution is adopted, the total amount to be expended will be about \$86,000?

Mr. BIBLE. Instead of the originally contemplated \$80,000.

Mr. ELLENDER. What is the object of this study?

Mr. BIBLE. The District of Columbia Committees on both the House and Senate sides became convinced that there was a great and growing need for a study of metropolitan area problems, because of the peculiar position of the District of Columbia as a Federal city, being bounded on the north by Maryland and on the south by Virginia, with many overlapping problems, such as water pollution, problems of mass transportation, and problems of economic development.

Mr. ELLENDER. Would it be within the jurisdiction of Congress to legislate beyond the confines of the District of Columbia?

Mr. BIBLE. The District of Columbia Committee would have no intent to urge Congress to legislate beyond the confines of the District of Columbia, but we did wish to see how these metropolitan area problems were affecting the Federal interest.



Mr. ELLENDER. How does the Senator expect to cure a problem if such is discovered?

Mr. BIBLE. I assume that by way of recommendation there might be something in the nature of suggested legislation looking toward a compact patterned possibly after some interstate compacts or interregional compacts, similar to those which various States have entered into, where 2 or 3 States have common community problems which overlap.

Mr. ELLENDER. Is the Senator of the opinion that he will have sufficient funds to complete the study if the sum he has requested is appropriated?

Mr. BIBLE. That would certainly be my hope. We are called upon to file a final report a year from now.

Mr. ELLENDER. Every resolution provides for that, but it seems that these resolutions come up every year.

Mr. BIBLE. I recognize the Senator's fears. I am very hopeful we will complete our labors by 1 year from today.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Con. Res. 57) was agreed to, as follows:

*Resolved by the Senate (the House of Representatives concurring), That the Joint Committee on Washington Metropolitan Problems as authorized by House Concurrent Resolution 172, agreed to August 29, 1957, is hereby authorized to make expenditures from February 1, 1958, through January 31, 1959, which shall not exceed \$80,000, to be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the joint committee.*

#### ADDITIONAL STAFF MEMBERS AND CLERICAL ASSISTANTS FOR COMMITTEE ON FOREIGN RELATIONS

Mr. SPARKMAN. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1225, Senate Resolution 240, authorizing the Committee on Foreign Relations to employ 2 additional professional staff members and 2 additional clerical assistants on a temporary basis.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to; and the Senate proceeded to consider the resolution, which had been reported from the Committee on Rules and Administration with an amendment, at the beginning of line 7, to strike out "(a)" and insert "(e)", so as to make the resolution read:

*Resolved, That the Committee on Foreign Relations is authorized from February 1, 1958, through January 31, 1959, to employ 2 additional professional staff members and 2 additional clerical assistants to be paid from the contingent fund of the Senate at rates of compensation to be fixed by the chairman in accordance with section 202 (e), as amended, of the Legislative Reorganization Act of 1946 and the provisions of Public Law 4, 80th Congress, approved February 19, 1947, as amended.*

Mr. ELLENDER. Mr. President, as I understand it, this resolution merely provides the committee with the same staff during this session of Congress as last.

Mr. SPARKMAN. That is true.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The resolution as amended was agreed to.

#### CONTINUATION OF SUBCOMMITTEE ON DISARMAMENT OF THE COMMITTEE ON FOREIGN RELATIONS

Mr. SPARKMAN. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1226, Senate Resolution 241, continuing temporarily the Subcommittee on Disarmament of the Committee on Foreign Relations and increasing the limit of expenditures.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to; and the Senate proceeded to consider the resolution.

Mr. ELLENDER. Mr. President, how much more money is involved?

Mr. SPARKMAN. Thirty-four thousand dollars.

Mr. ELLENDER. How much was spent last year?

Mr. MANSFIELD. The committee is turning back \$13,000 out of approximately \$40,000.

Mr. SPARKMAN. The report shows that \$40,000 was allotted to the subcommittee for the period from August 1, 1957, to January 31, 1958. It is estimated that approximately \$10,000 will not have been obligated by that time.

Mr. MANSFIELD. Mr. President, I point out to the Senator from Louisiana that the proposed action is mandatory. This is the last 6 months of the life of this particular subcommittee. From that point on, the work will be done by the Foreign Relations Committee.

Mr. ELLENDER. Does the Senator mean the full committee?

Mr. MANSFIELD. Yes.

Mr. ELLENDER. In other words, the work will be done by the regular staff.

Mr. MANSFIELD. Yes.

Mr. ELLENDER. If the intention is to continue the subcommittee for only 6 months longer, why is it necessary to provide almost as much money as the subcommittee had appropriated last year?

Mr. MANSFIELD. What we are asking for is a 5-month figure, in reality. At the end of the fiscal year the work of this subcommittee will be transferred. There is much investigation yet to be done in the particular field being studied, and it is hoped that there will be a substantial return to the Treasury at the end of the term, although we are not at all certain how much it will be.

Mr. ELLENDER. If the intention is to have the subcommittee continue for only 5 or 6 months longer, why not make the appropriation for only that period, so that we may know the subcommittee is coming to an end?

Mr. MANSFIELD. We have made the request for that period.

Mr. ELLENDER. I may have misunderstood the distinguished Senator from Alabama. As I understand, he

stated that the subcommittee spent \$40,000—

Mr. SPARKMAN. No. I read from the report:

Of the \$40,000 allotted to the subcommittee for the period August 1, 1957, to January 31, 1958, inclusive, about \$10,000 will not have been obligated.

The period involved is a little less than 6 months. About \$10,000 will be turned back.

Mr. ELLENDER. So the \$40,000 to which the Senator referred was for 6 months, and not for a year.

Mr. SPARKMAN. That is correct.

Mr. ELLENDER. I am sorry I misunderstood.

Mr. SPARKMAN. I wish to have the record made absolutely clear. The distinguished Senator from Montana, in answering a question by the Senator from Louisiana, stated that after the end of the life of the subcommittee it was expected that the work of the subcommittee would be performed by the regular staff of the committee. I, for one, do not believe that we ought to be limited to the present staff of the Foreign Relations Committee in carrying on this additional work.

Let me say to the Senator from Louisiana that this is one committee which has no additional employees, aside from the four which were provided for today. Two are staff members, and two are clerks. This committee carries one of the heaviest loads of any committee in the Senate. We limit our staff to that which is provided in the Reorganization Act, plus the 2 staff members and 2 clerks voted today in the resolution agreed to just ahead of this one.

I point out to the Senator from Louisiana that the Committee on Foreign Relations has an unusual record with reference to subcommittees. We have subcommittees from time to time, but they expire. For example, a special subcommittee was set up to study foreign aid. It has gone out of existence, or will go out of existence on January 31 of this year. We are not asking for the continuation of that subcommittee.

The subcommittee under discussion was a special subcommittee consisting of members of the Foreign Relations Committee, 2 members from the Joint Committee on Atomic Energy, and 2 from the Armed Services Committee. When the question arose with respect to continuing that subcommittee, the Foreign Relations Committee voted to continue it, upon the express condition that at the end of the specified period of time the work would go back into the regular framework of the Foreign Relations Committee. Certainly as much of the work as possible will be done by the regular staff; but I believe it will be necessary to have a small additional staff—perhaps not more than two additional persons. I wish to have the Record clear in that regard.

Mr. ELLENDER. I am glad to hear my good friend say that the Foreign Relations Committee works as hard as any other committee on the Hill. I presume it does. It is commendable to see that the committee is able to do its work with the addition of only 4 employees, in con-

trast to the Judiciary Committee, which spends more than \$1 million over and above the amount which is regularly appropriated for the standing committee.

Mr. MANSFIELD. Mr. President, in all fairness, it should be pointed out that the great majority of the bills introduced in the Senate are referred to the Judiciary Committee, and that that committee has a great deal more in the way of proposed legislation to consider than any other committee.

Mr. ELLENDER. Certainly. However, we find that this year, last year, the year before that, and the year before that, most of the work of looking into bills concerning claims against the Government and concerning immigration matters was done by paid attorneys—not the committee. These attorneys are the ones who do the footwork.

Mr. SPARKMAN. What I said was not intended as any reflection on the Judiciary Committee. We all know the tremendous load it has to carry. However, I did think it was a good time for me to do a little boasting with reference to the Committee on Foreign Relations.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 241) was agreed to, as follows:

*Resolved*, That the subcommittee on disarmament of the Committee on Foreign Relations (authorized by S. Res. 93 of the 84th Cong., 1st sess., agreed to July 25, 1955, and extended from time to time) is hereby authorized, under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with the jurisdiction of the Committee on Foreign Relations, specified by rule XXV of the Standing Rules of the Senate, to continue the functions authorized by Senate Resolution 93, agreed to July 25, 1955, only through July 31, 1958, at which time its records, duties, and functions shall be assumed by the Committee on Foreign Relations which shall give special attention to the subject of disarmament in such manner as the committee may determine.

SEC. 2. For the purposes of this resolution the Committee on Foreign Relations, from February 1, 1958, through July 31, 1958, inclusive, is authorized (1) to make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants; and (3) with the prior consent of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 3. Expenses of the Committee on Foreign Relations under this resolution, which shall not exceed \$34,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### PAYMENT OF FUNERAL EXPENSES OF THE LATE SENATOR MATTHEW M. NEELY

Mr. SPARKMAN. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1227, Senate Resolution 246.

The PRESIDING OFFICER. The resolution will be stated by title for the information of the Senate.

The CHIEF CLERK. A resolution (S. Res. 246) to pay certain funeral expenses

of the late Senator Matthew M. Neely, of West Virginia.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to; and the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

*Resolved*, That the Secretary of the Senate is hereby authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed to arrange for and attend the funeral of the Honorable Matthew M. Neely, late a Senator from the State of West Virginia, on vouchers to be approved by the chairman of the Committee on Rules and Administration.

#### INVESTIGATION OF ADMINISTRATION OF NATIONAL SECURITY LAW

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1250, Senate Resolution 233.

The PRESIDING OFFICER (Mr. Church in the chair). The resolution will be stated by title for the information of the Senate.

The CHIEF CLERK. A resolution (S. Res. 233) authorizing an investigation of the administration of the national security law and matters relating to espionage.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to; and the Senate proceeded to consider the resolution.

Mr. EASTLAND. Mr. President, the resolution requests an appropriation for the Internal Security Subcommittee of the Committee on the Judiciary. The request amounts to a reduction of \$80,000 under the amount appropriated a year ago.

Mr. HENNINGS. Mr. President, as chairman of the Committee on Rules and Administration, I should like to say that we are indeed very happy that the chairman of the Committee on the Judiciary has been able to effect economies and that, in being successful in cutting his cloth to the measure, he has been able to request \$80,000 less than was appropriated last year.

The distinguished Senator from Mississippi, chairman of the Committee on the Judiciary, gave the Committee on Rules and Administration a detailed breakdown of the amount. I have served on the subcommittee myself, and know the importance of the work the subcommittee performs. We on the Rules Committee felt that the committee chairman should indeed be the recipient of the gratitude, applause, and approval of the Senate for what he has done, particularly the fact that he will be able to do it for less money this year than was available last year.

Mr. EASTLAND. Mr. President, I appreciate the very kind statements of my good friend the Senator from Missouri.

I believe the subcommittee can be operated efficiently with less money, and I propose to do it. I am reducing the staff in a number of places.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

*Resolved*, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified by rule XXV of the Standing Rules of the Senate, insofar as they relate to the authority of the committee hereunder, to make a complete and continuing study and investigation of (1) the administration, operation, and enforcement of the Internal Security Act of 1950, as amended; (2) the administration, operation, and enforcement of other laws relating to espionage, sabotage, and the protection of the internal security of the United States; and (3) the extent, nature, and effect of subversive activities in the United States, its Territories and possessions, including but not limited to, espionage, sabotage, and infiltration by persons who are or may be under the domination of the foreign government or organizations controlling the world Communist movement or any other movement seeking to overthrow the Government of the United States by force and violence.

SEC. 2. For the purposes of this resolution, the committee, from February 1, 1958, to January 31, 1959, inclusive, is authorized (1) to make such expenditures as it deems advisable; (2) to employ upon a temporary basis technical, clerical, and other assistants and consultants; *Provided*, That the minority is authorized to select 1 person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 3. Expenses of the committee, under this resolution, which shall not exceed \$209,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### INVESTIGATION OF NATIONAL PENITENTIARIES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1251, Senate Resolution 230.

The PRESIDING OFFICER. The resolution will be stated by title for the information of the Senate.

The CHIEF CLERK. A resolution (S. Res. 230) to investigate national penitentiaries.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. HENNINGS. Mr. President, I am chairman of the Subcommittee on National Penitentiaries of the Committee on the Judiciary. The amount asked for is the standard amount appropriated each year. Usually, \$4,000, or approximately that amount, of the appropriation is returned. The amount actually spent is used to defray the expenses of



the members of the subcommittee in visiting the national penitentiaries and reformatories. To the best of my knowledge, there have been no deviations from the amount used, and I doubt that more than \$1,000 has ever been spent. Certainly that has been true since I have been a member of the subcommittee, for some 5 or 6 years.

Mr. ELLENDER. I believe the Senator from North Dakota [Mr. LANGER] initiated this expenditure.

Mr. HENNINGS. I believe he did.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

*Resolved*, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified by rule XXV of the Standing Rules of the Senate to examine, investigate, and inspect national penitentiaries.

SEC. 2. For the purposes of this resolution the committee, from February 1, 1958, to January 31, 1959, inclusive, is authorized to (1) make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 3. The committee shall report its findings, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1959.

SEC. 4. Expenses of the committee, under this resolution, which shall not exceed \$5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### INVESTIGATION OF MATTERS PERTAINING TO IMMIGRATION AND NATURALIZATION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1220, Senate Resolution 235.

The PRESIDING OFFICER. The resolution will be stated by title for the information of the Senate.

The CHIEF CLERK. A resolution (S. Res. 235) to investigate matters pertaining to immigration and naturalization.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. ELLENDER. Is the resolution in the same amount as last year?

Mr. HENNINGS. I should like to say to my distinguished friend that the resolution calls for the same amount that was appropriated last year.

Mr. ELLENDER. It is for the purpose of considering naturalization and immigration bills. Is that correct?

Mr. HENNINGS. The Senator is correct.

Mr. ELLENDER. I wonder whether the committee is planning to consider any new methods of approaching the

problems related to this subject, in order that it might relieve Senators of the great amount of work that is now done in this field.

Mr. HENNINGS. I would say that at one time we appointed a subcommittee which undertook to investigate the question whether we could avail ourselves of some other method of handling the work. However, insofar as some of us were able to determine by an examination of the law, we found that the cases involved, as the Senator no doubt knows, are cases of individuals who have been denied citizenship.

Mr. ELLENDER. Denied citizenship under existing laws, that is. Is that correct?

Mr. HENNINGS. The Senator is correct. These are special, unique cases, which we get from day to day.

Mr. ELLENDER. Does it not mean, in effect, that more and more people are coming into the country? Why do we not make our present laws function, and permit immigrants to come in under regular quotas?

Mr. HENNINGS. I may say to the Senator—and I am sure he knows it already, and I certainly do not mean to burden the RECORD with an extensive discussion of the subject—that we do find special circumstances and special cases.

Mr. EASTLAND. Under the law, suspension-of-deportation cases, in which the Department of Justice has discretionary power, must still be referred to Congress. The committee must consider those cases.

Since the convening of the present session of the 85th Congress, there have been referred to the subcommittee a total of 302 cases involving suspensions of deportation and adjustments of status under the Refugee Relief Act of 1953. That is just one item.

Mr. ELLENDER. Why could that not be done by the Department of Justice?

Mr. EASTLAND. Because under the law those cases must come to Congress.

Mr. ELLENDER. I understand; but Congress could change the law. Why has that not been done? Has the committee looked into the subject of changing the law?

Mr. EASTLAND. No; it has not.

Mr. ELLENDER. If the committee were to come before the Senate with such a suggestion, the law could be changed.

Mr. EASTLAND. That recommendation was made when the Immigration Act was passed, but Congress did not wish to surrender its final authority in such cases. Therefore, a provision was written into the law that the cases must be referred to the Congress for approval. We must live with it. I wish it were not so. We do not want it, but we must live with it.

Mr. ELLENDER. Has any effort been made recently to resubmit the matter to Congress, to the end that more of those cases are handled by the Department of Justice?

Mr. EASTLAND. No; no such effort has been made.

Mr. ELLENDER. As the matter stands, then, a great many immigrants

come into the country over and above the quotas established by law.

Mr. EASTLAND. This matter refers to people who are already in the country.

Mr. ELLENDER. I understand, but some of them should not be in the country.

Mr. EASTLAND. It is one of the duties of the staff to review the cases.

Mr. HENNINGS. Many Members of Congress thought the matter should reside in Congress, in order that certain acts of grace and equity and justice may be given to people who have no other place or other forum to which to repair.

Mr. EASTLAND. The Senator is correct.

Mr. HENNINGS. Some of us do not believe in leaving everything to the Department of Justice or to a bureaucracy in determining some of these cases. We believe that Congress should pass on them.

Mr. EASTLAND. And Congress rejected such a change.

Mr. HENNINGS. That is correct.

Mr. ELLENDER. In other words, Congress is acting as a court of equity.

Mr. HENNINGS. In a sense; yes.

Mr. ELLENDER. Therefore we are acting in a dual capacity, in the capacity of a court and in the capacity of a legislature.

Mr. JAVITS. Mr. President, I will not object to the amount which is proposed to be provided for the activity involved. I do believe it is appropriate, however, particularly at the beginning of the session, to make a few observations about what I believe we ought to do with respect to the subject of immigration. If the distinguished chairman of the committee will allow me a few moments, I should like to address some inquiries to him, which, I am sure, as always, he will courteously answer to the best of his ability.

First I should like to make a general observation. I am deeply convinced that we are faced not only with the crisis of defense, in connection with which we must catch up in missiles and rocketry—and unquestionably we will—but that we are also faced with the crisis of our relations with the world. These relations not only go to weaponry, but also go to immigration.

There are tens of thousands of escapees from behind the Iron Curtain, generally young and desirable persons, similar to the Freedom Fighters from Hungary. What they want to know before they escape, and after they get out, and what the legion of others who are left behind, who might want to escape, want to know, is what will happen to them when they get out. This depends very largely upon the direction the free world will take due to the leadership implications of the immigration policy of the United States.

I think that I and many others, in the United States, were deeply disappointed that Congress in the last session did not legalize the status of the Freedom Fighters, the Hungarian refugees who came to the United States. They still remain here, over 25,000 of them, as parolees.

A commission of the International Rescue Committee, a distinguished volunteer organization, has recently re-

turned from abroad, under the chairmanship of a man I know very well, Harold Zellerbach, president of the municipal art commission of San Francisco and a leading businessman. He came back and reported there were almost 200,000 refugees, many from Yugoslavia, who are living in camps in free Europe, very unhappy and frustrated in their desire to participate in the blessings of freedom, simply because there is no leadership in terms of the resettlement of those refugees.

So the second point is, What are we going to do about a permanent policy of the United States to give the leadership which has always been necessary to solve this problem, as it was in the case of the DP's and the refugees? What leadership will be given to bring about the resettlement of the persons who are escaping from behind the Iron Curtain because of persecution?

Finally, the McCarran-Walter Act itself is widely considered throughout the world as having many unjust and discriminatory features, particularly against persons whose skin is yellow or black. I hope we will take a look at that situation, not only in terms of whether our immigration law needs to be changed, but in terms of the very salient fact that this matter, too, represents a vital element in the present crisis in defense and the crisis of survival which the free world faces.

Under the McCarran-Walter Act, about 75,000 quota numbers are set aside for persons whose skills are needed in the United States. As a matter of fact, in the last year the Commissioner of Immigration, General Swing, reported that only about 5 percent of those numbers were used. In short, this does not represent any viable aspect of the law of the United States; it simply indicates the impracticability of the law, because of it thousands of immigrants who are desirable for our national interest, who could come in under the leadership role I have described, are barred from the United States.

In the light of those views, which I hold very deeply, and which I share, I believe, with others in the Chamber, I wish to address a few questions to the chairman of the committee. I do not want to detain the Senate or the chairman very long.

Can the chairman advise me as to a statement on page 3 of the justification in the report made to the Committee on Rules and Administration, which reads:

The staff of the subcommittee—

To wit, the Subcommittee on Immigration and Naturalization—

must continue to study the Immigration and Nationality Act in order to insure fair and effective interpretation and administration of that act.

Will the Senator advise me whether any reports are issued upon those studies, or whether any are contemplated?

Mr. EASTLAND. Yes; the last report was made on February 28, 1955.

Mr. JAVITS. Since that time there have been no reports, and special ap-

propriations have been authorized for the work of the subcommittee. Can the chairman advise us when this subcommittee will report again?

Mr. EASTLAND. The subcommittee will report at the end of this session of Congress.

Mr. JAVITS. That is, on its staff studies?

Mr. EASTLAND. On the staff studies.

Mr. JAVITS. Does the chairman feel we might profitably have a report, let us say, in February 1958, which will be 3 years after the last report, and thus have available to us facts which might enable us to legislate?

Mr. EASTLAND. I do not think a staff report would do any good. The President of the United States made a number of recommendations last year. The committee held hearings, at which the Acting Attorney General of the United States appeared. We got together on an immigration bill which was enacted. It has been my intention to have further hearings held by the subcommittee this year.

Mr. JAVITS. Can the chairman give us any idea when it is actually proposed to put the question of further amendment of the immigration law on for hearing?

Mr. EASTLAND. I cannot speak, of course, for the subcommittee of the Committee on the Judiciary. We had some very serious trouble in getting an immigration bill out of the Committee on the Judiciary last year. But it has been my purpose to begin hearings on the President's recommendations, or to continue hearings on those recommendations. I make no agreement as to when.

Mr. JAVITS. None whatever?

Mr. EASTLAND. I do not know when they will be held.

Mr. JAVITS. Can the chairman tell us if it will be in a month or 2 months?

Mr. EASTLAND. I do not know. All I can tell the Senator, and what I do tell him, is that I am, in good faith, going to hold some hearings. That is all I can tell him.

Mr. JAVITS. Can the Senator tell us also whether there is any particular priority or urgency in respect to the regularization of the status of the Hungarian refugees who are in the United States on parole?

Mr. EASTLAND. That matter was under study last year. I certainly have no objection to adjusting the status of the Hungarians. But, as I recall, the Commission on Security said we should go slow until some security checks had been made of these people. That is the reason the matter was not moved more quickly.

Mr. JAVITS. It is my understanding—I got this only secondhand—that there was an excellent experience in terms of security concerning the Hungarian refugees; they turned out quite well.

Mr. EASTLAND. The Senator knows that when the Commission on Security makes such a recommendation, it has got to be very carefully considered. When such a recommendation is made, I am going to follow that recommendation.

Mr. JAVITS. I assure the Senator I shall make it my business, arduously, to go to work and track down the validity of that information.

Mr. EASTLAND. That was my information last year. The clerk of the committee, who is sitting here, says that that is the fact, and that it is in the report of the Commission on Security.

Mr. JAVITS. I shall do my utmost, if the Senator will allow me, to study that matter and to dispel the barrier, if it is one, to action upon this subject.

Mr. EASTLAND. I am not going to be a party now—I will be absolutely frank about it—to anything which will tend to bring Communist agents into this country or which will leave in this country Communist agents who are here.

Mr. JAVITS. I do not think any of us, if the Senator will allow me to say so, wish to be a party to any such thing.

Mr. EASTLAND. I know the Senator does not; but we were criticized about the Hungarians. We were criticized by the Senator from New York when we acted in the utmost good faith on the recommendation of the Commission on Government Security.

Mr. JAVITS. If the Senator from New York to whom the Senator from Mississippi is referring is myself, the Senator from New York is only seeking information from the committee. By-gones are by-gones. I am interested in what we are going to do now. I pledge myself to run down whatever may be the administration's barrier to which the Senator is referring.

Mr. EASTLAND. I shall give the Senator from New York the citation.

Mr. JAVITS. I shall be glad to receive it, of course, and to run it down to see whether it is valid, and shall advise the Senator from Mississippi.

May I ask the Senator what his ideas are on committee consideration of some permanent policy on escapees as recommended by the President?

Mr. EASTLAND. Mr. President, as I have said, we shall be glad to consider it, and we are going to consider it. I have no firm, fixed ideas about it.

Mr. JAVITS. But the Senator from Mississippi is unable to advise us as to when; is that correct?

Mr. EASTLAND. That is correct.

Mr. JAVITS. I thank the Senator.

Mr. EASTLAND. But I have stated in good faith that we would in good faith go into it. At this time I am not going to announce hearings.

Mr. JAVITS. Mr. President, no Senator can do more than use his efforts—as I shall, and as I hope many other Members of the Senate will—to urge upon the country and upon the Senate and upon the majority leadership and upon the chairman of the Judiciary Committee the urgency, in the interests of the national security, of taking early action upon the matters I have discussed today.

I am deeply convinced that, in a package, they are as essential as is our massive effort to catch up in terms of the weapons race. If we do not expect—and certainly we do not—to resolve the conflict in the world by world war III, then our other means—by economic and technical assistance; by recognition of human



dignity, through enforcement of civil rights; and by immigration legislation which is just and fair, and takes account of what is taking place in the world, and takes account not only of our own strengths, but also of the weaknesses of our enemies, in terms of the things in which we believe and which we hold the most dear—that is the package—constituting, as I see it, the way by which we hope to avoid world war III. I shall do all that I can, and I deeply believe that many other Members of the Senate take the same position, in the belief that that is the package—one dealing with human values with weapons as our shield—by means of which we can negotiate for peace from a position of strength.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 235) was agreed to, as follows:

*Resolved*, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified by rule XXV of the Standing Rules of the Senate to examine, investigate, and make a complete study of any and all matters pertaining to immigration and naturalization.

Sec. 2. For the purposes of this resolution the committee, from February 1, 1958, to January 31, 1959, inclusive, is authorized to (1) make such expenditures as it deems advisable; (2) to employ upon a temporary basis, technical, clerical, and other assistants and consultants: *Provided*, That the minority is authorized to select 1 person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

Sec. 3. The committee shall report its findings, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1959.

Sec. 4. Expenses of the committee, under this resolution, which shall not exceed \$90,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### WITHDRAWALS OF LANDS FOR CERTAIN PURPOSES

The PRESIDING OFFICER (Mr. CHURCH in the chair) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 5538) to provide that withdrawals, reservations, or restrictions of more than 5,000 acres of public lands of the United States for certain purposes shall not become effective until approved by act of Congress, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. MANSFIELD. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. ANDERSON, Mr. BIBLE, Mr. CHURCH, Mr. MALONE, and Mr. ALLOTT conferees on the part of the Senate.

#### INVESTIGATION OF IMPROVEMENT AND STRENGTHENING OF THE FEDERAL CRIMINAL CODE

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1223, Senate Resolution 238, to investigate matters pertaining to the improvement and strengthening of the Federal Criminal Code.

The motion was agreed to; and the Senate proceeded to consider the resolution, which had been reported from the Committee on Rules and Administration with an amendment on page 2, line 20, after the word "exceed", to strike out "\$45,000" and insert "\$40,000", so as to make the resolution read:

*Resolved*, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified by rule XXV of the Standing Rules of the Senate, to examine, investigate, and make a complete study of any and all matters pertaining to the improvement and strengthening of the Federal Criminal Code, including ways and means of improving Federal law enforcement and administration of justice in United States courts through changes in and additions to existing laws and procedures.

Sec. 2. For the purposes of this resolution the committee, from February 1, 1958, to January 31, 1959, inclusive, is authorized to (1) make such expenditures as it deems advisable; (2) to employ upon a temporary basis technical, clerical, and other assistants and consultants: *Provided*, That the minority is authorized to select 1 person for appointment, and the person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities and personnel of any of the departments or agencies of the Government.

Sec. 3. The committee shall report its findings, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1959.

Sec. 4. Expenses of the committee, under this resolution, which shall not exceed \$40,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

Mr. ELLENDER. Mr. President, does the resolution relate to the same subcommittee, which was created during the 84th Congress, for the purpose of making studies and investigations regarding narcotics? Does the resolution provide for a renewal or continuation of that subcommittee?

Mr. O'MAHONEY. Yes. At that time the chairman was the distinguished Senator from Texas, now the Governor of Texas, Mr. Daniel.

Mr. ELLENDER. I notice that the new title of the subcommittee is "Subcommittee on Improvements in the Federal Criminal Code."

Mr. O'MAHONEY. Yes; and that was the title at that time.

Mr. ELLENDER. Is the work the same? Was any more proposed legislation submitted to the subcommittee?

Mr. O'MAHONEY. The Senator from Louisiana may recall that at the last session a good deal of time was devoted to the enactment of a bill, reported by the subcommittee, with respect to clarification of the decision of the Supreme Court in the Jencks case. By means of that bill, we gave protection to the files of the FBI from unnecessary raids by racketeers, but at the same time we preserved the rights of defendants to all information brought against them by the Government.

This subcommittee—which is composed of only 3 members, and has a staff composed of 3 persons—has a great deal of work to do. We are investigating searches and seizures in Federal cases, arrest and arraignments, firearms control, interception of telephonic communications, obstruction of justice statutes, perjury statutes, appeals by the United States, adequate counsel in criminal cases, disparity of sentences in criminal cases, credit for time already served when a person is convicted of criminal offenses, Federal criminal statutes, and related subjects.

I should like to point out that with the increased facility in transportation, the criminal racketeer today has opportunities which never existed in the days when many of the Federal criminal statutes were enacted.

The Judiciary Committee adopted the program of this subcommittee, and the Committee on Rules and Administration endorsed it, because of the conviction that there is great need for study of this matter.

Mr. ELLENDER. Let me point out to my good friend, the Senator from Wyoming, that—as I stated a moment ago—the subcommittee originated during the 84th Congress, and its function was to seek ways and means to control the illegal trafficking in narcotics, including marihuana and similar drugs.

Mr. O'MAHONEY. And the investigation which we made at that time revealed the need of continued study.

Mr. ELLENDER. So the subcommittee has branched out into other things; that is exactly what has happened.

Mr. O'MAHONEY. The Senator from Louisiana well knows that crime in the United States is on the increase.

Mr. ELLENDER. That is correct.

Mr. O'MAHONEY. I am sure that no one is more anxious than is he that the laws be closely examined, in order to make sure that, if we can improve the Federal Criminal Code, we do so.

Mr. ELLENDER. I agree that crime is on the increase, but I doubt that the expenditure of \$40,000, as proposed in this resolution, will appreciably reduce the American crime rate.

Mr. O'MAHONEY. On that point, I do not agree with the Senator from Louisiana.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The resolution, as amended, was agreed to.

#### INVESTIGATION OF JUVENILE DELINQUENCY

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1222, Senate Resolution 237, to investigate juvenile delinquency in the United States.

The motion was agreed to; and the Senate proceeded to consider the resolution.

Mr. HENNINGS. Mr. President, this resolution relates to a special subcommittee of the Judiciary Committee. The subcommittee has been engaged on its work for approximately 5 years.

During the past year, the subcommittee distributed approximately 10,000 copies of reports and printed transcripts of hearings throughout the United States. Of this number, 6,000 of the documents were Report No. 130, the so-called omnibus report of the committee. While we still receive numerous requests for this document, we have only a limited number left, and these are distributed to Congressional offices and professional organizations and agencies.

The staff of the committee has handled over 6,000 pieces of correspondence from a variety of professional and non-professional people and organizations concerned with this growing and pressing problem on our body politic.

The subcommittee has been asked to appear in a large number of the major cities of the United States.

We feel we are learning a great deal, as time goes on, about problems of the youth of the country.

We plan for a small staff of only seven people. We are asking only for \$75,000.

Now, the following are proposed legislation before the 85th Congress:

S. 675, a bill to amend section 2314, title 18, United States Code, with respect to the transportation in interstate commerce of articles obtained by false or fraudulent pretenses, representations, or promises, or through any scheme or artifice to defraud.

S. 980, a bill to authorize the establishing by the Surgeon General of an aftercare posthospital treatment program for drug addiction and for other purposes.

S. 981, a bill to create an Advisory Committee on Drug Addiction in the Department of Health, Education, and Welfare.

We all know, only too well, what a problem marihuana and drug addiction presents in this country, particularly among our youth.

S. 982, a bill to establish a hospital of the Public Health Service in one of the Pacific Coast States, especially equipped for the treatment of persons addicted to the use of habit-forming drugs.

S. 2558, a bill to amend title 18, United States Code, to prohibit interstate traffic in switchblade knives and to prevent

these instruments from getting into the hands of juveniles.

We all read accounts carried in the Washington papers and in our home newspapers of young men, and indeed young women, engaged in mugging activities and other assaults. Among the instruments used are switchblade knives, which many of us who have had anything to do with prosecution in criminal cases know are lethal, death-dealing instruments.

Also to be considered by Congress are:

A bill to amend the law dealing with indecent publications in the District of Columbia.

A bill to amend the act entitled "An act to create a Juvenile Court in the District of Columbia," so as to provide for the appointment of a referee.

A bill to amend section 7 of the Juvenile Court Act of the District of Columbia. This bill puts the director of social work under the judge.

A bill to provide assistance to and cooperation with States in strengthening and improving State and local programs for the diminution, control, and treatment of juvenile delinquency.

A bill to amend title 18, United States Code, to make unlawful certain practices in connection with the placing of minor children for permanent free care or for adoption.

That bill relates to the so-called baby-adoption racket.

A bill to make uniform the law of reciprocal enforcement of support in the District of Columbia.

For the coming year the Subcommittee To Investigate Juvenile Delinquency intends to continue its investigations and studies concentrating on the following areas:

Training schools: Evidence gathered by the subcommittee indicates that many State training schools for delinquent boys and girls indulge in practices that are inimical, certainly, to the boys and girls put in their care, and that some do not have adequate facilities for either rehabilitation or proper custody.

The committee plans to go more deeply into this situation in order to ascertain its pervasiveness. If called for, hearings will be held on the problem. During such hearings we could hear from persons concerned with this situation, including Federal Bureau of Prisons' inspectors who have been to training schools throughout the United States.

We also intend to look further into the induction policies of the Armed Forces. A questionnaire on the policies of the Selective Service System in regard to former juvenile delinquents has been developed and sent to all State Selective Service boards. Background material has been collected from officials of the Selective Service System, from the various Armed Forces, from civilian agencies that come into contact with the problem, such as juvenile courts, and from the several veterans' organizations. A compilation is also being made of some 250 questionnaires which were sent to juvenile courts requesting information concerning their practices, procedures, and philosophies on this subject.

We have recently held hearings in the city of New York having to do with a total community plan for the handling of juvenile delinquents.

Also, the committee intends to look more closely into the problems of probation, parole, and juvenile courts.

Also, the committee intends to go into the handling of delinquent and incorrigible children in the public school systems of the United States, which we know is a problem of great magnitude.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

Mr. ELLENDER. Mr. President, I cannot help but express extreme disappointment that the Judiciary Committee of the Senate should come before the Senate and ask to continue the juvenile delinquency subcommittee. The subcommittee was organized back in the 83d Congress by former Senator Hendrickson, of New Jersey. The RECORD is replete with statements from him and from those who succeeded him that the end of the study was in sight.

Last year, when the Senator from Tennessee [Mr. KEFAUVER] headed the subcommittee, he said—the statement is in the RECORD—that the money then being requested would enable the subcommittee to wind up its work. Yet, here we are again presented with a request for \$75,000 to further study juvenile delinquency.

The Committee on Judiciary of the Senate has enough facts, enough material on hand, concerning juvenile delinquency to write and present almost any kind of legislation one can imagine, but the subcommittee wants to investigate further. I do not know what other facts can be ferreted out.

The question of juvenile delinquency can never be cured by simply holding hearings. The cure must begin in the home, and in the schools.

Yesterday I made a report on my visit to Russia. I wish to say that in that country juvenile delinquency is unknown.

Mr. HENNINGS. I have been there, too, Senator. As we all know, Russia is a monolithic state. We know that the iron hand of discipline, the iron hand of conformity, is laid upon every man, woman, and child.

Mr. ELLENDER. I disagree with the statement of my friend. Such is not the case. The fact of the matter is that children there are kept busy.

Mr. HENNINGS. Well, I saw it from different eyes than those of the Senator from Louisiana.

Mr. ELLENDER. Perhaps the Senator did, or perhaps the Senator did not see as much as I did. I visited various cities. I visited schools. I visited homes. I believe I know what I am talking about.

Mr. President, we will never solve the problem of juvenile delinquency by continuing these investigations. I return to the proposition that we have enough facts, enough evidence on hand now, to draft legislation, if any be required.

The money requested is simply to be provided in order to keep on the payroll



the people who are now there, and for no other purpose.

Mr. President, this is a classic example of the fact that these subcommittees, once organized, never die. They are perpetuated.

Mr. HENNINGS. May I say to my good friend, the Senator from Louisiana, that I know he is completely sincere, but the problem of the young people who are in trouble in the United States is an ever-growing and burgeoning one.

I have spent a good part of my life as a prosecutor. I spent 8 years, at least, in such work in a big city. I have spent a good many years as a member of the committee which my distinguished friend, the Senator from North Dakota [Mr. LANGER], so admirably headed, to study the prisons, national penitentiaries, and reformatories.

We have seen the end product of juvenile delinquency. We have seen what happens to these youngsters after they have been misused, mishandled, or neglected.

Mr. ELLENDER. By whom? By fathers and mothers?

Mr. HENNINGS. I wish we knew.

Mr. ELLENDER. That is where the problem arises, with the fathers and mothers—in the home.

Mr. HENNINGS. Certainly, part of the problem lies with the fathers and mothers, but, clearly, they alone are not always entirely responsible.

Mr. ELLENDER. The problem arises in the home, and also in the schools.

Mr. HENNINGS. I say in all good spirit to my friend, the Senator from Louisiana, that I wish we could find one simple solution to this growing problem in the United States. We have the problem of gangs, the problem of youngsters murdering, assaulting, robbing, raping, and committing all manner of depredation and vandalism. I wish the answer were as simple as the Senator has stated. Unhappily, it is not.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. HENNINGS. In just a moment I shall be glad to yield to my very good friend, the distinguished Senator from North Dakota.

We have found that communities throughout the land welcome this particular committee, when it comes for hearings, because they are then given the opportunity to spell out for the committee and for the benefit of the community the enormity of the problem.

There is an increase in juvenile delinquency in this country today; and if we permit that to continue we shall be weakening the very fiber and fabric of the United States.

The committee is a conscientious and serious committee. Certainly the resolution is not for the purpose of giving people jobs.

I am now glad to yield to my good friend, the Senator from North Dakota.

Mr. LANGER. Mr. President, may I ask my friend, the Senator from Missouri, if it is not true that the testimony of J. Edgar Hoover showed that a few years ago the people who were stealing automobiles were 21, 22, 23, or 24 years of age, and that as the years

have gone by the age of the people involved has decreased, until 71 percent of all cars stolen today are stolen by boys and girls 17 or 18 years of age.

Mr. HENNINGS. The Senator is exactly correct. The Senator from North Dakota and I have visited the Federal reformatories and the State reformatories, and we have observed that these criminals are younger and younger as time goes on.

If one goes to Atlanta, if one goes to Leavenworth, or if one goes to some of the so-called big houses in this country, the maximum custody institutions, one will find—as some of us who have lived with this problem for many, many years have found—men who are hardened, professional criminals. And one will discover their problems all began when they were youngsters.

Mr. ELLENDER. In the home, as I have said.

Mr. HENNINGS. I agree with my friend, the Senator from Louisiana: Sometimes in the home. However, sometimes it was not in the home.

The solution is not always in the home. Churches can often make a contribution toward solution of the problem, and many have made a tremendous contribution. Sometimes the so-called social agencies, such as the YMCA and the Big Brother organizations, of which I happen to be a director, and other such agencies, can do a lot of good.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. HENNINGS. The question is so very complex that one cannot say it is one thing or the other. There are broken homes, also, as the Senator from Louisiana well knows. Some of these youngsters do not have any homes. We have to consider many factors.

I am happy to yield to my friend, the Senator from North Dakota.

Mr. LANGER. Mr. President, is it not true that the testimony of District Attorney Keating of Denver showed that in 1 year 49 families in Denver alone were involved in broken homes, that 49 fathers skipped out to California and other States, and under the law they could not be brought back? I mention that, since the distinguished Senator from Louisiana has talked about fathers and mothers taking care of their children. We have been trying to get a runaway-father law for some time.

Mr. ELLENDER. That such a situation prevails is the fault of the local authorities. The point I am making, may I say to the Senator from North Dakota, is that these studies will not cure any evil which exists.

Mr. LANGER. Oh.

Mr. ELLENDER. The subcommittee has been studying this problem since 1953. It seems that the more the subcommittee studies it, the worse the situation gets. My good friend, the Senator from Missouri, just stated that as to thievery of automobiles in recent years, the age of the thief has been coming down. I read what Mr. Hoover said as to the fact that the people who are stealing are growing younger and younger.

The Senator and the committee have been studying this problem since long before Mr. Hoover made that statement.

What good have those studies achieved? That is the question I am posing to the Senator.

Mr. HENNINGS. Would the Senator suggest that because the farm situation seems to be growing worse and worse, year by year, we should stop all activity as to studying agricultural conditions? Would the Senator suggest that, if floods are getting worse year by year, we should not make any studies of rivers and flood control?

Mr. ELLENDER. I may say to my good friend that I do not care how much the problem of juvenile delinquency is investigated, investigations alone will not cure the evil. The cure has to start in the home, in the school, and in the church.

Mr. HENNINGS. I agree with the Senator that we are not going to cure the evil.

Mr. ELLENDER. We never will.

Mr. HENNINGS. We hope to ameliorate and to lessen the evil. We hope to point the way in some of the cities by constructive investigations, rather than by sensational ones. We hope to point the way in some of the communities in order that agencies, such as the police departments, juvenile authorities, the courts and others, may find some pattern or some pilot manner in which to deal with these problems.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. HENNINGS. I am glad to yield to the Senator from North Dakota.

Mr. LANGER. Is it not true that the American Legion and all the service organizations have endorsed this program?

Mr. HENNINGS. I think without exception all service organizations, including the American Legion, have endorsed it, and also the churches. I do not know of anybody who has suggested that the committee has not been doing constructive work.

Mr. LANGER. Is it not true that we appropriate a lot of money to study diseases of hogs, chickens, and cattle? We keep on appropriating money to study those diseases, yet if the argument of the Senator from Louisiana is correct we need not study the diseases of children. We do study the diseases of hogs, chickens, and cattle.

Mr. ELLENDER. The Senator from North Dakota knows better than to make that comparison. I voted for all of the things the Senator is now talking about. What I am complaining about are studies made by subcommittees which do not bring any relief.

Why does the subcommittee not complete its investigation, draft legislation, and submit that legislation to the Congress? Once the legislation is enacted, then the subcommittee should be disbanded, in order to see how the legislation operates. As the matter now stands, all we seem to be doing is spending money to investigate a problem which we know exists, and about which the subcommittee has compiled a wealth of data.

Mr. LANGER. Does the Senator remember attending a single meeting when the committee had before it women doctors testifying about diseased children? Has the Senator ever gone out

to the National Training School for Boys to see those hundreds of boys?

Mr. ELLENDER. No; I have not.

Mr. LANGER. Has the Senator ever been to the juvenile and youth institution, Englewood, Colo., to see those 200 boys?

Mr. ELLENDER. No; I have not. Is that something the subcommittee ought to do?

Mr. LANGER. Certainly it is.

Mr. ELLENDER. Does the Senator mean that?

Mr. LANGER. Every one of those boys is a citizen of the United States of America. They are all citizens. In time of war they will be called into service for the national defense. Of course it is the object of the Senate to protect those boys and to make good citizens of them.

Mr. ELLENDER. I return to the proposition that we do not see eye to eye on the manner and method of treating juvenile delinquency. I go back to the proposition that the problem must be done in the home, and that holding hearings, hiring staffs, spending money will not solve the problem.

The Senator is aware that today we have many children who go wrong. Why is that? It is because their fathers and mothers do not take care of them as they should, and the children are treated as though they are not wanted. Certainly, an investigation will not help those children.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. We will never cure the evil by merely holding hearings and exposing the evil.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I do not have the floor.

Mr. HENNINGS. I will yield to the Senator.

Mr. LANGER. It is true, is it not, that the divorce rate has been constantly on the increase? Divorce is increasing by leaps and bounds.

Mr. HENNINGS. I think we have found that broken homes represent a major cause of the difficulties of many young people. Many of them are not delinquent. They merely have no place to go. They need guidance. That is the purpose of many of the hearings. We aim to correlate and bring together many of the functions of the cities, towns, States, and other entities who are struggling with this problem.

Mr. JAVITS. Mr. President, I have had some experience with this particular subcommittee, which held hearings in the State of New York, where we have as great a problem as exists anywhere in the country.

I had the honor of being the principal law-enforcement officer of my State. We had a very distinguished commission, presided over by one of America's outstanding businessmen, Mr. Thomas Watson, Jr., the head of the International Business Machines Corp. The commission made a study of what could be done about this problem.

The Federal Government is not doing nearly enough. I would agree with the

Senator from Louisiana if we had appropriated the necessary money for Federal aid to enable the States and communities to deal with the problem of juvenile delinquency. But we are not appropriating the necessary funds. If we were doing so, Senators would have a right to complain and to say, "We have a program, and we have appropriated money, but we are not doing anything."

The subcommittee is attempting to do something constructive. At least, it is trying to place its finger on the causes of juvenile delinquency, and it is also endeavoring to bring information to the various States with respect to the experience of other States. In that respect, I think the work of the subcommittee is extremely valuable. The expenditure proposed for the purpose is minuscule.

As to the contention that the problem is not being materially arrested, of course, it is not. Indeed, our problems in connection with juvenile delinquency are increasing. But who is so omniscient as to say that if we were not busying ourselves with some remedies we would not have a worse problem than we now have?

All social movement is in the direction indicated by the work of the subcommittee. In New York we are experimenting with limited security facilities, analogous to the Civilian Conservation Corps. We are experimenting with guidance and counseling in the schools and courts. All this costs enormous sums of money. The States have fewer tax resources than has the Federal Government. We urgently need some Federal program to help in the fight on juvenile delinquency. The minimum essential is to have a Federal agency which can bring to one State information with respect to what is being done in other States to combat the fundamental causes of juvenile delinquency. Such an agency should serve on a national scale.

I should like to pay tribute to my colleague from Missouri. This subcommittee was the first national agency to point out the fallacy of the old idea that juvenile delinquency was the characteristic result of slum neighborhoods or of generally poor economic conditions. Studies proved that such factors were entirely unrelated to juvenile delinquency, and that the primary cause was broken homes. That condition can and does exist among the very rich and well placed. It definitely produces delinquents at least as bad as those produced at lower economic levels.

I hope we may proceed with this very constructive undertaking. I compliment my colleague from Missouri for the way in which the work has been carried on by him and his colleagues on the subcommittee.

Mr. HENNINGS. I thank the junior Senator from New York for his very generous expressions and contributions. In sum, he has stated that the work of the subcommittee has done much to dispel commonly held notions about the treatment of children in trouble, to prevent their getting into more trouble, and to salvage the youth of the Nation.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 237) was agreed to, as follows:

*Resolved*, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified by rule XXV of the Standing Rules of the Senate insofar as they relate to the authority of the Committee on the Judiciary to conduct a full and complete study of juvenile delinquency in the United States, including (a) the extent and character of juvenile delinquency in the United States and its causes and contributing factors; (b) the adequacy of existing provisions of law, including chapters 402 and 403 of title 18 of the United States Code, in dealing with youthful offenders of Federal laws; (c) sentences imposed on, or other correctional action taken with respect to, youthful offenders by Federal courts, and (d) the extent to which juveniles are violating Federal laws relating to the sale or use of narcotics.

Sec. 2. For the purposes of this resolution, the committee, from February 1, 1958, to January 31, 1959, inclusive, is authorized to (1) make such expenditures as it deems advisable; (2) to employ, upon a temporary basis, technical, clerical, and other assistants and consultants: *Provided*, That the minority is authorized to select one person for appointment, and the other person so selected shall be appointed and his compensation shall be so fixed that his gross rate shall not be less by more than \$1,200 than the highest gross rate paid to any other employee; and (3) with the consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

Sec. 3. The committee shall report its findings, together with its recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1959.

Sec. 4. Expenses of the committee, under this resolution, which shall not exceed \$75,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### ESCAPE OF REFUGEES FROM CERTAIN FOREIGN COUNTRIES

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1224, Senate Resolution 239, to investigate problems arising by escape of refugees from certain foreign countries under Communist domination.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

Mr. LANGER. Mr. President, last year \$45,000 was appropriated for this purpose. Nearly \$26,000 was returned. This shows that the committee was very economical. I promise that if this resolution is agreed to we shall be just as economical during the coming year.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

*Resolved*, That the Committee on the Judiciary, or any duly authorized subcommittee



thereof, is authorized under sections 134 (a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdictions specified by rule XXV of the Standing Rules of the Senate, to examine, investigate, and make a complete study of any and all matters pertaining to the problems in certain western European nations, and in certain Near Eastern, Middle Eastern, and Far Eastern countries, created by the flow of escapees and refugees from Communist tyranny.

SEC. 2. For the purposes of this resolution, the committee from February 1, 1958, to January 31, 1959, inclusive, is authorized (1) to make such expenditures as it deems advisable; (2) to employ on a temporary basis technical, clerical, and other assistants and consultants; and (3) with the prior consent of the heads of the department or agency concerned and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government.

SEC. 3. The committee shall report its findings, together with its recommendations for such legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than January 31, 1959.

SEC. 4. The expenses of the committee, under this resolution, which shall not exceed \$35,000, shall be paid from the contingent fund of the Senate by vouchers approved by the chairman of the committee.

#### ORDER FOR RECESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate takes a recess today it stand in recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### ACQUISITION OF PROPERTY IN THE DISTRICT OF COLUMBIA FOR EXTENSION OF SITE OF ADDITIONAL OFFICE BUILDING FOR THE UNITED STATES SENATE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 193, Senate bill 728.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 728) to authorize the acquisition of the remaining property in square 725 and the property in square 724 in the District of Columbia for the purpose of extension of the site of the additional office building for the United States Senate or for the purpose of addition to the United States Capitol Grounds.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Public Works with amendments, on page 2, line 6, after the word "streets", to strike out "contained in said square 725 and all publicly or privately owned real property (including alleys or parts of alleys and streets); in line 17, after "1948", to strike out "squares 725 and" and insert "square"; in line 19, after the word "such", to strike out "squares" and insert "square"; on page 3, line 5, after the word "in", to strike out

"squares 725 and" and insert "square"; in line 9, after the word "such", to strike out "squares" and insert "square"; in line 17, after the word "demolition", to strike out "and/or removal"; on page 4, line 1, after the word "in", to strike out "squares" and insert "square"; in line 2, after "724", to strike out "and 725"; and, in line 6, after the word "between", to strike out "Constitution Avenue" and insert "C Street"; so as to make the bill read:

*Be it enacted, etc.,* That in addition to the real property contained in square 725 in the District of Columbia heretofore acquired as a site for an additional office building for the United States Senate under the provisions of the Second Deficiency Appropriation Act, 1948, approved June 25, 1948 (62 Stat. 1028), the Architect of the Capitol, under the direction of the Senate Office Building Commission, is hereby authorized to acquire, on behalf of the United States, by purchase, condemnation, transfer, or otherwise, for purposes of extension of such site or for additions to the United States Capitol Grounds, all other publicly or privately owned real property (including alleys or parts of alleys and streets) contained in square 724 in the District of Columbia: *Provided*, That upon the acquisition of such real property by the Architect of the Capitol on behalf of the United States, such property shall be subject to the provisions of the act of July 31, 1946 (60 Stat. 718) in the same manner and to the same extent as the present Senate Office Building and the grounds and sidewalks surrounding the same.

SEC. 2. For the purposes of this act and of such act of June 25, 1948, square 724 shall be deemed to extend to the outer face of the curbs surrounding such square: *Provided*, That the north boundary of square 724 shall be deemed to extend to a point 4 feet south of the outer face of the existing south curb of D Street in said square.

SEC. 3. Any proceeding for condemnation brought under this act shall be conducted in accordance with the act entitled "An act to provide for the acquisition of land in the District of Columbia for the use of the United States," approved March 1, 1929 (16 D. C. Code, secs. 619-644).

SEC. 4. Notwithstanding any other provision of law, any real property owned by the United States and contained in square 724 shall, upon request of the Architect of the Capitol, made with the approval of the Senate Office Building Commission, be transferred to the jurisdiction and control of the Architect of the Capitol, and any alley, or part thereof, contained in such square, shall be closed and vacated by the Commissioners of the District of Columbia in accordance with any request therefor made by the Architect of the Capitol with the approval of such Commission.

SEC. 5. Upon acquisition of any real property pursuant to this act, the Architect of the Capitol, when directed by the Senate Office Building Commission to so act, is authorized to provide for the demolition of any buildings or other structures on, or constituting a part of, such property and, pending demolition, to lease any or all of such property for such periods and under such terms and conditions as he may deem most advantageous to the United States and to provide for the maintenance and protection of such property.

SEC. 6. The jurisdiction of the Capitol Police shall extend over any real property acquired under this act. Upon completion of the acquisition of all properties in square 724, herein authorized to be acquired, the following streets shall become a part of the United States Capitol Grounds and as such shall be subject to the provisions of Public

Law 570, 79th Congress, as amended: First Street Northeast, between C Street and D Street; C Street Northeast, between First and Second Streets; D Street Northeast, between First and Second Streets. Such streets shall continue under the jurisdiction and control of the Commissioners of the District of Columbia and said Commissioners shall continue to be responsible for the maintenance and improvement thereof, except that the Capitol Police Board shall have exclusive charge and control over the parking and impounding of vehicles on such streets and the Capitol Police shall be responsible for the enforcement of such parking regulations as may be promulgated by the Capitol Police Board.

SEC. 7. The Architect of the Capitol, under the direction of the Senate Office Building Commission, is authorized to enter into contracts and to make such other expenditures, including expenditures for personal and other services, as may be necessary to carry out the purposes of this act.

SEC. 8. The appropriation of such sums as may be necessary to carry out the provisions of this act is hereby authorized.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HAYDEN. Mr. President, the bill now pending before the Senate was introduced by the Senator from New Hampshire [Mr. BRIDGES] and myself, for the purpose of acquiring all of square 724 and the remainder of square 725. Some objection was made to the bill as introduced and the committee limited acquisition to square 724. We are now proposing to acquire a little less than half of that block, with half of that land being unimproved property and the remainder proposed to be acquired is improved with structures that are not very valuable. Therefore, the cost, instead of being \$4 million, will be a little less than \$1 million.

To accomplish that purpose, it is necessary, first, to disagree to the committee amendments, so that I may then offer a complete substitute for the bill.

I therefore ask that the Senate disagree to the committee amendments to the bill.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were rejected.

Mr. HAYDEN. Mr. President, the amendment I am proposing is at the desk. It is a complete substitute for the entire bill. I shall describe it very briefly.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD at this point, without its being read.

The amendment reads as follows:

*Be it enacted, etc.,* That in addition to the real property contained in square 725 in the District of Columbia heretofore acquired as a site for an additional office building for the United States Senate under the provisions of the Second Deficiency Appropriation Act, 1948, approved June 25, 1948 (62 Stat. 1028), the Architect of the Capitol,

under the direction of the Senate Office Building Commission, is hereby authorized to acquire, on behalf of the United States, by purchase, condemnation, transfer, or otherwise, for purposes of extension of such site or for additions to the United States Capitol Grounds, all publicly or privately owned real property contained in lots 48, 51, 52, 53, 54, 55, 56, 76, 77, 78, 81, 82, 83, 84, 85, 88, 89, 90, 91, 800, 801, 802, 803, 804, 809, 810, 811, 812, 813, 814, 818, 819, 820, 821, 822, 823, and 824, in square 724 in the District of Columbia, and the portion of the alley or alleys in such square bounded on the west by lots 87, 48, and 803, except so much of such portion as abuts lots 839 and 80: *Provided*, That upon the acquisition of any such real property by the Architect of the Capitol on behalf of the United States, such property shall be subject to the provisions of the act of July 31, 1946 (60 Stat. 718).

SEC. 2. For the purposes of this act and of such act of June 25, 1948, the lots, alleys, and parts of alleys heretofore acquired in square 725, and the lots in square 724 authorized to be acquired hereunder, shall be deemed to extend to the outer face of the curbs of such squares.

SEC. 3. Any proceeding for condemnation brought under this act shall be conducted in accordance with the act entitled "An act to provide for the acquisition of land in the District of Columbia for the use of the United States," approved March 1, 1929 (16 District of Columbia Code, secs. 619-644).

SEC. 4. Notwithstanding any other provision of law, any real property owned by the United States and contained in square 724 shall, upon request of the Architect of the Capitol, made with the approval of the Senate Office Building Commission, be transferred to the jurisdiction and control of the Architect of the Capitol, and the portion of the alley or alleys authorized to be acquired hereunder shall be closed and vacated by the Commissioners of the District of Columbia in accordance with any request therefor made by the Architect of the Capitol with the approval of such Commission.

SEC. 5. Upon acquisition of any real property pursuant to this act, the Architect of the Capitol, when directed by the Senate Office Building Commission to so act, is authorized to provide for the demolition of any buildings or other structures on, or constituting a part of, such property and, pending demolition, to lease any or all of such property for such periods and under such terms and conditions as he may deem most advantageous to the United States and to provide for the maintenance and protection of such property.

SEC. 6. The jurisdiction of the Capitol Police shall extend over any real property acquired under this act, including the property in square 725 referred to in section 2.

SEC. 7. The Architect of the Capitol, under the direction of the Senate Office Building Commission, is authorized to enter into contracts and to make such other expenditures, including expenditures for personal and other services, as may be necessary to carry out the purposes of this act.

SEC. 8. The appropriation of such sums as may be necessary to carry out the provisions of this act is hereby authorized.

Mr. HAYDEN. Mr. President, if S. 728 is amended to exclude all apartment, hotel and office building properties and 5 lots in miscellaneous locations in square 724, it is estimated that the remaining properties in square 724 can be acquired for approximately \$965,000—on the basis of recent property acquisition costs in the vicinity of the Capitol Grounds.

Under the \$965,000 expenditure, there would be acquired 78,545 square feet of land, with existing improvements, and

this land could be converted temporarily into parking accommodations for approximately 285 automobiles.

The acquisition of this property at the present time would tend to prevent further assemblages of individual parcels of property in this square for the purpose of erection of costly private structures.

The property to be taken is vacant in part and in part improved by very old houses. The apartment buildings, hotels and one large office building are not to be acquired under the substitute.

The 78,545 square feet to be acquired under the substitute would be about 40 percent of the entire area in square 724. Moneywise the area being acquired would be less than 25 percent of the present estimated cost of the entire square.

The construction of the new Senate subway is to begin in a few weeks. That will eliminate the use of three streets on the Capitol Grounds, including part of Constitution Avenue, for nearly a year. As a result, over 200 parking spaces will be lost for that year. At the present time there have been issued twice as many parking permits for cars as the parking lot will accommodate. I refer to the lot located on square 723 on the northeast part of the Capitol Grounds. Holders of permits may park only on a first-come, first-served basis. Parking space is about the scarcest thing there is at the present time in the Capitol area. Some space must be available for tourists.

The situation is further aggravated by the fact that the Capitol telephone exchange has been transferred from the House Office Building to the New Senate Office Building, and the telephone operators, who have been parking on a House lot several blocks to the south of the Capitol should not be forced to walk that great distance at various hours of the evening and early morning. They should have a nearby parking lot, and the passage of the pending bill will help provide for that.

Many Senators will remember that the Veterans of Foreign Wars felt they had made a mistake in the acquisition of the lots located between the two hotels.

They have taken an option on other property nearby, but not in the square we are considering. They are very anxious to acquire that property for a new national headquarters, and, as it appears obvious that Congress will need their present property ultimately, they desire to dispose of their present property now in order to receive the money for it, and to apply that money to the acquisition of the new site, on which they recently decided to build, and the acquisition of which will not in any way interfere with the future construction plans of the Senate.

Therefore, the present property of the Veterans of Foreign Wars in square 724, may be built upon in the near future if Congress does not acquire it now, while it is vacant.

In connection with the bill, I believe it is appropriate to include, as a part of my remarks, a letter sent to the chairman of the Committee on Public Works by the Bureau of the Budget, recommending the

bill as originally reported; also, a letter to the chairman of the Committee on Public Works from the National Capital Planning Commission. Each of these bureaus indicates the high desirability of acquiring property near the Capitol for use of the legislative branch.

There being no objection, the letters were ordered to be printed in the Record, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
March 19, 1957.

Hon. DENNIS CHAVEZ,  
Chairman, Committee on Public Works,  
United States Senate,  
Washington, D. C.

MY DEAR MR. CHAIRMAN: This is in reply to your letter of January 18, 1957, requesting the views of the Bureau of the Budget on S. 728, to authorize the acquisition of the remaining property in square 725 and the property in square 724 in the District of Columbia for the purpose of extension of the site of the additional office building for the United States Senate or for the purpose of addition to the United States Capitol Grounds.

We note that this bill has been revised to meet the objections raised by the District of Columbia on a similar bill last year. We also understand that this bill is favored by the National Capital Planning Commission. The Bureau of the Budget would have no objection to the enactment of S. 728.

Sincerely yours,

A. R. JONES,  
Deputy Director.

NATIONAL CAPITAL  
PLANNING COMMISSION,  
Washington, D. C., February 14, 1957.

Hon. DENNIS CHAVEZ,  
Chairman, Committee on Public Works,  
United States Senate.

DEAR SENATOR CHAVEZ: The National Capital Planning Commission at its meeting on January 31, 1957, was pleased to consider your request for a report and comment on S. 728, introduced jointly by Senators HAYDEN and BRIDGES, to authorize the acquisition of the remaining property in square 725 and the property in square 724 in the District of Columbia for the purpose of extension of the site of the additional office building for the United States Senate or for the purpose of addition to the United States Capitol Grounds.

The Commission believes that both these squares in their entirety should be added to the Capitol Grounds for the following reasons:

1. To protect the Old and New Senate Office Buildings from adverse or undesirable developments on adjoining properties or frontages.
2. To hold these properties in reserve for possible future expansion.
3. To save the added costs of future acquisition due to rising land values and inevitable improvements which otherwise would occur on these squares.

In this connection, there appears to be need for similar protection and reservation for future use through the acquisition of part or all of the square immediately east of the Supreme Court Building, as proposed in the Commission's long-range general plan for the area on both sides of the eastern axis of the Capitol, extending to Lincoln Square and beyond. Under the original plan of this city, the Capitol was built facing the level plateau to the east. This is the natural direction for expansion of the legislative establishment or for functions related to or harmonious with the legislative arm of the Government. A copy of the Commission's most recent version of the central area plan is attached.



The Bureau of the Budget advises that it has no objection to the submission of the above report.

Sincerely yours,

JOHN NOLEN, Jr.,  
Director.

Mr. CHAVEZ. Mr. President, I am in favor of the amendment the Senator from Arizona has offered. It is the best we can do. There is also on the calendar Order No. 192, which I introduced for the purpose of acquiring the remainder of the block in question, behind the New Senate Office Building. I should like to inquire of the Senator if it is his desire that we take up that bill, too.

Mr. HAYDEN. I believe we had better take two bites at the cherry. What I am seeking to have acted on is a matter of much urgency.

Mr. CHAVEZ. I am not opposed to the Senator's amendment.

Mr. HAYDEN. I should like to see the parking spaces provided immediately. The other matter, with respect to acquiring the entire block, can wait for the time being. The same thing is true with respect to remainder of square 727 by the New Senate Office Building. In the end, it would be highly desirable to acquire all of both blocks; but what I am trying to do is to get about one-half of square 724 at this time. I pointed out that half of the land we wish to acquire is vacant property, and the remainder of that involved is improved only by very old dwellings, which can be acquired at a reasonable price. In that way we will get the land for less than if it is built upon, and temporarily we will have room for parking spaces.

Mr. CHAVEZ. The reason why I am interested in the property behind the new Senate Office Building is the very reason the Senator has outlined, namely, the providing of parking space. Aside from one building, the Belmont House, which we do not intend to touch, practically all of the land will not be needed for a long time. The rest of that alley is nothing more than ratholes and old houses. The sooner we acquire it, the sooner we will have ample parking spaces. I do hope we will take action on it during this session.

Mr. HAYDEN. Mr. President, I offer the amendment.

Mr. DOUGLAS. Mr. President, I wonder whether I may ask some questions of the distinguished Senator from Arizona.

Mr. HAYDEN. Certainly.

Mr. DOUGLAS. I regret that I was not in the Chamber earlier when the distinguished Senator from Arizona spoke on the bill which he is sponsoring and the amendment which he is offering. I wonder whether the Senator from Arizona can assure me as to what is going to happen in connection with the so-called Belmont House, which is one of the most beautiful houses in Washington.

Mr. HAYDEN. It is not included in the block we have under consideration. If the Senator will look at the plat I have before me, I can point out to him what we have in mind. I point to the Carroll Arms Hotel. I also point to the other hotel. Between the two buildings is the property owned by the Veterans

of Foreign Wars, which is vacant. The other property on the plat, on C Street, is vacant. The remainder of the property to be acquired is improved by buildings of low value, because they are old and antiquated. We do not propose to touch either hotel, and we do not propose to take the large office building. We are trying to get the land before values rise further and also to obtain some parking spaces, and get them quickly. In the block to the south of this block, square 725, on the southeast corner, the Belmont House is located. We are not taking anything in that block.

Mr. DOUGLAS. Is it not true that the Belmont House is one of the oldest and most historic and most beautiful buildings in the city of Washington?

Mr. HAYDEN. The Senator is correct.

Mr. DOUGLAS. I hope the Senator from Arizona will spare that building.

Mr. HAYDEN. I am certainly doing that in this instance. It is not in the bill at all.

Mr. DOUGLAS. Will the Senator from Arizona take a vow that he will spare it in the future?

Mr. HAYDEN. So far as I am concerned, I have no objection to that. So long as the Woman's Party exists, I understand, that will be the case. I understand that after the Woman's Party goes out of existence the title will revert to the heirs of Mrs. Belmont.

Mr. DOUGLAS. It is a very beautiful old building. Whatever may be the fate of the National Woman's Party, I certainly hope that the building will not be destroyed. The Senator from Illinois feels that such a beautiful building should not be torn down to provide parking space for fin-shaped automobiles which are far longer than they should be.

Mr. HAYDEN. I agree with the Senator.

Mr. DOUGLAS. I now ask the Senator to turn from the aesthetic to the economic consideration. I understand an appropriation of \$3,500,000 is asked for.

Mr. HAYDEN. No. The amount is greatly reduced because the acquisition area is now much less. For the acquisition of the property covered by the amendment the amount is less than \$1 million.

Mr. DOUGLAS. That is still a large sum of money to the Senator from Illinois.

Mr. HAYDEN. I agree with that statement. However, if the Senator drives a car—

Mr. DOUGLAS. No; I do not.

Mr. HAYDEN. If he drove a car, he would find that he would have to drive around a great deal and still not find a parking place.

Mr. DOUGLAS. May I ask one further question?

Mr. HAYDEN. I yield.

Mr. DOUGLAS. Has provision been made for a sub-basement garage in the New Office Building?

Mr. HAYDEN. Yes. It will take care of about 175 cars.

Mr. DOUGLAS. That will be added to the existing garage facilities, which

provide for the parking of how many cars?

Mr. HAYDEN. I do not remember.

Mr. DOUGLAS. It would be at least 100.

Mr. HAYDEN. There are about 2,000 employees.

Mr. DOUGLAS. There are 2,000 employees, but is there an obligation upon the Government to provide a parking space for an automobile for every employee of the Senate? I think this is a very questionable proceeding. How many automobile parking places would this acquisition provide for?

Mr. HAYDEN. Roughly, 285.

Mr. DOUGLAS. That is well over \$3,000 an automobile.

Mr. HAYDEN. We have two motives. I am convinced that the Senate will have to follow the same course which was followed by the House of Representatives, namely, to acquire property in order properly to conduct its business adjacent to the present location. The longer we put off this acquisition, the more the cost will be. This is an economy move, in that we are buying unimproved land and land improved by houses which cannot stand much longer, and are giving notice to the rest of the people in the block.

Mr. DOUGLAS. Will my good friend from Arizona yield further?

Mr. HAYDEN. I yield.

Mr. DOUGLAS. I do not think we should accept the doctrine of the inevitability of the continuous expansion of the personnel of the Senate or of the space which we will set aside for our use.

I do not want to strain at minute details, but this is a million dollars. We are already providing space for 400 cars. There are 96 Senators. Let us say that every administrative assistant should have a place and that every secretary to a committee should have a parking place, and so on. I do not see why every stenographer should have a parking space.

I know the devotion with which the Senator from Arizona and the Senator from New Mexico labor on these matters. I know it must seem ungracious for me to come in at this late hour and raise an objection. But I simply say that I think this is a million dollars which could be better spent, or perhaps it would be better if it were not spent at all.

Mr. CHAVEZ. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield.

Mr. CHAVEZ. A predecessor of my good friend from Illinois, former Senator Brooks, took part in the acquisition of the property now occupied by the New Senate Office Building.

Mr. DOUGLAS. That was the Senator whom I had the honor to replace; therefore, I am not bound by his acts.

Mr. CHAVEZ. I simply make the point that had we acquired the entire block at that time, it would have cost us less than half of what we will now have to pay for it.

Mr. DOUGLAS. If we buy it.

Mr. CHAVEZ. Oh, we are going to buy it eventually.

The PRESIDING OFFICER. The question is on agreeing to the amend-

ment offered by the Senator from Arizona.

Mr. DOUGLAS. I vote "no."

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill (S. 728) was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to authorize the acquisition of certain property in square 724 in the District of Columbia for the purpose of extension of the site of the additional office building for the United States Senate or for the purpose of addition to the United States Capitol Grounds."

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Without objection, it is so ordered.

#### DEVELOPMENT OF CERTAIN INSTALLATIONS FOR THE NATIONAL SECURITY

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1254, House bill 9739.

The PRESIDING OFFICER. The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 9739) to authorize the Secretary of the Air Force to establish and develop certain installations for the national security, and to confer certain authority on the Secretary of Defense, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 9739) to authorize the Secretary of the Air Force to establish and develop certain installations for the national security, and to confer certain authority on the Secretary of Defense, and for other purposes, which had been reported from the Committee on Armed Services, with an amendment.

#### LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, it is not the intention to have the Senate proceed this afternoon with the consideration of House bill 9739, which is extremely important.

Very thorough consideration has been given to the bill by the subcommittee headed by the distinguished junior Senator from Mississippi [Mr. STENNIS]. At the conclusion of the morning hour tomorrow, the Senator from Mississippi will be prepared to make the presentation in connection with the bill.

The bill and the report on it, as well as a transcript of the declassified testi-

mony which has been taken, are available to all Senators.

I am extremely anxious to have the Senate act on the bill at the earliest possible time. In the bill, provision is made for implementing many of the recommendations made by the Senate Preparedness Subcommittee in its recent interim report.

In addition, it is very necessary that this authorizing measure be passed before the Senate considers the supplemental appropriation bill, which now is being considered carefully in the Appropriations Committee. I am informed by the distinguished chairman of that committee that he anticipates that that measure will be ready early next week.

Therefore, I should like to have all Senators on notice that it is expected that on tomorrow the Senate will act on Calendar No. 1254, House bill 9739; and it is also expected that the Senate will take up the supplemental appropriation bill as soon as it is reported, and as soon as the report and hearings are available.

In addition, Mr. President, I expect that on tomorrow the Senate will take up Calendar No. 1252, House bill 6078, to provide for the erection of suitable markers at Fort Myer, Va., to commemorate the first flight of an airplane on an Army installation; and Calendar No. 1253, House bill 5809, to authorize construction of a U. S. S. Arizona memorial at Pearl Harbor.

I rather think there will be a Senate session on Friday. If so, on tomorrow I shall announce any further measures which may be considered at that time.

Mr. President—

The PRESIDING OFFICER. The Senator from Texas has the floor.

#### RECESS

Mr. JOHNSON of Texas. Mr. President, if no Senator desires to address the Senate at this time, I move that, pursuant to the order previously entered, the Senate stand in recess.

The motion was agreed to; and (at 4 o'clock and 4 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Thursday, January 30, 1958, at 12 o'clock meridian.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate, January 29 (legislative day of January 27), 1958:

##### UNITED NATIONS

Christopher H. Phillips, of Massachusetts, to be representative of the United States of America on the Economic and Social Council of the United Nations.

##### DIPLOMATIC AND FOREIGN SERVICE

Ambassadors extraordinary and plenipotentiary of the United States of America to the country indicated:

Karl L. Rankin, of Maine, to Yugoslavia.  
Charles W. Yost, of New York, to the Republic of Syria.

##### IN THE ARMY

The following-named officers under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by

the President under subsection (a) of section 3066, in rank as follows:

Maj. Gen. Thomas John Hall Trapnell; O16782, United States Army, to rank as lieutenant general.

Maj. Gen. Frank Schaffer Besson, Jr., O18662, Army of the United States (colonel, U. S. Army), for appointment as Chief of Transportation, United States Army, and as major general in the Regular Army of the United States.

Temporary appointment in the Army of the United States to the grade indicated under the provisions of title 10, United States Code, sections 3442 and 3447:

##### To be major generals

Brig. Gen. Charles Richard Hutchison, O16796.

Brig. Gen. Alva Revista Fitch, O18113.

Brig. Gen. Charles Greene Calloway, O17690.

Brig. Gen. Charles Edward Hoy, O18556.

Maj. Gen. Thomas Morgan Watlington, O16780.

Maj. Gen. Robert Frederick Sink, O16907.

##### To be brigadier generals

Brig. Gen. Norman Edgar Youngblood, O28996.

Brig. Gen. Thomas Alphonsus Lane, O17075.

Brig. Gen. Lyle Edward Seeman, O17082.

Brig. Gen. David William Helman, O17094.

Maj. Gen. William Everett Potter, O17098.

Maj. Gen. Robert George Butler, O17191.

Brig. Gen. Legare Kilgore Tarrant, O17208.

Maj. Gen. Evan McLaren Houseman, O17307.

Brig. Gen. Ralph Thomas Nelson, O17303.

Brig. Gen. Alexander McNair Willing, O38619.

Maj. Gen. Louis Edward Cotulla, O29069.

Brig. Gen. James Harvey Cash 2d, O38628.

Maj. Gen. Norman Hayden Vissering, O41603.

Maj. Gen. James Dreyfus, O29117.

Brig. Gen. Alvin Galt Viney, O17511.

Brig. Gen. John Lloyd Person, O17517.

Brig. Gen. Philip Henry Draper, Jr., O17543.

Brig. Gen. Joseph Milton Colby, O17562.

Brig. Gen. Ralph Robert Mace, O17578.

Brig. Gen. William Darwin Hamlin, O17619.

Maj. Gen. Edmund Chauncey Rockefeller Lasher, O17624.

Brig. Gen. Joseph Reisner Ranck, O17647.

Brig. Gen. William Kerr Ghormley, O17674.

Brig. Gen. Robert Little Cook, O17675.

Brig. Gen. Lester Skene Bork, O17685.

Brig. Gen. Charles Greene Calloway, O17690.

Brig. Gen. Marshall Stubbs, O17706.

Maj. Gen. Hugh Mackintosh, O17716.

Maj. Gen. Nelson Marquis Lynde, Jr., O17730.

Brig. Gen. Bruce Easley, O17735.

Brig. Gen. Thomas Norfleet Griffin, O17775.

Brig. Gen. William Arnold Carter, O18023.

Brig. Gen. Philip Campbell Wehle, O18067.

Maj. Gen. Hamilton Hawkins Howze, O18088.

Maj. Gen. Thomas Weldon Dunn, O18157.

Brig. Gen. Christian Hudgins Clarke, Jr., O18213.

Brig. Gen. James Knox Wilson, Jr., O18218.

Maj. Gen. James Lowell Richardson, Jr., O18232.

Brig. Gen. Theodore Francis Bogart, O18245.

Brig. Gen. Paul Russell Weyrauch, O18252.

Brig. Gen. Herbert Lucian Scofield, O29462.

Maj. Gen. Derrick McCollough Daniel, O29500.

Maj. Gen. Theodore William Parker, O18369.

Maj. Gen. William White Dick, Jr., O18384.

Brig. Gen. William Frew Train, O18415.

Maj. Gen. John Knight Waters, O18481.

Maj. Gen. Orlando Collette Troxel, Jr., O18487.

Brig. Gen. Francis Thomas Pachler, O18488.

Maj. Gen. Edwin John Messinger, O18503.

Maj. Gen. Edwin Anderson Walker, O18552.



Brig. Gen. William Rogers Woodward, O18582.  
Brig. Gen. Robert John Fleming, Jr., O17095.

*To be brigadier general, chaplain*

Brig. Gen. Frank Alden Tobey, O41698.  
The following-named officers for temporary appointment in the Army of the United States to the grades indicated under the provisions of title 10, United States Code, sections 3442 and 3447:

*To be major generals*

Brig. Gen. Louis Jacob Rumaggi, O14900.  
Brig. Gen. Olaf Helgesen Kyster, Jr., O16830.  
Brig. Gen. Mercer Christie Walter, O17151.  
Brig. Gen. Ned Dalton Moore, O18212.  
Brig. Gen. Thomas Alphonsus Lane, O17075.  
Brig. Gen. William Arnold Carter, O18023.  
Brig. Gen. Paul Amos Gavan, O17169.  
Brig. Gen. John Frederick Bohlender, O17814, Medical Corps.  
Brig. Gen. Thomas Fraley Van Natta, O17086.  
Brig. Gen. Alvin Galt Viney, O17511.

*To be brigadier generals*

Col. Thomas William Mattingly, O20068, Medical Corps.  
Col. Frank Sherman Henry, O18989.  
Col. Kenneth Adelbert McCrimmon, O18336.  
Col. Harold Walmsley, O18769.  
Col. Howard Raymond Whittaker, O29408.  
Col. George Thomas Powers 3d, O19137.

**PROMOTIONS IN THE REGULAR ARMY**

The nominations of Lee B. James et al., which were confirmed today, were received by the Senate on January 16, 1958, and may be found in full in the proceedings of the Senate for that date, beginning with the name of Lee B. James, which appears under the caption of "Nominations" on page 563, and ending on page 572, with the name of Sidney R. Wynn.

**IN THE AIR FORCE**

Maj. Gen. George W. Mundy, 358A, Regular Air Force, to be assigned to positions of importance and responsibility designated by the President, to the rank of lieutenant general, under the provisions of section 8066, title 10 of the United States Code.

The nominations of Margaret M. Fallon et al., for promotion in the Regular Air Force, which were confirmed today, were received by the Senate on January 13, 1958, and may be found in full in the Senate proceedings of the CONGRESSIONAL RECORD for that date, under the caption "Nominations," beginning with the name of Margaret M. Fallon, which appears on page 303, and ending with the name of Tommy A. Tilley, which is shown on page 304.

The nominations of Hershell L. Abbott, et al., for appointment in the Regular Air Force, which were confirmed today, were received by the Senate on January 13, 1958, and may be found in full in the Senate proceedings of the CONGRESSIONAL RECORD for that date, under the caption "Nominations," beginning with the name of Hershell L. Abbott, which is shown on page 304, and ending with the name of Winemiller, which appears on page 365.

**IN THE NAVY**

Rear Adm. Eugene J. Peltier, Civil Engineer Corps, United States Navy, to be Chief of the Bureau of Yards and Docks in the Department of the Navy for a term of 4 years with the rank of rear admiral.

The following-named officers of the Navy for temporary promotion in the staff corps indicated, subject to qualification therefor as provided by law:

*To be rear admirals*

Edward C. Kenney, Medical Corps.  
Lionel C. Peppell, Supply Corps.  
Thomas A. Long

The following-named officers of the Navy for permanent promotion:

Wayne R. Loud, line.  
Courtney Shands, line.  
Herbert D. Riley, line.  
Leonard B. Southerland, line.  
Frank Virden, line.  
Howard A. Yeager, line.  
Joshua W. Cooper, line.  
John E. Clark, line.  
William A. Sutherland, Jr., line.  
John S. Thach, line.  
William D. Irvin, line.  
Glynn R. Donaho, line.  
Thurston B. Clark  
James R. Lee  
John Quinn  
Harry E. Sears  
William A. Schoech  
David L. McDonald  
William F. Raborn, Jr.  
Charles E. Weakley  
Henry S. Persons  
Claude V. Ricketts  
Roy L. Johnson  
Joseph E. Dodson  
Irwin L. V. Norman, Medical Corps.  
Courtney G. Clegg, Medical Corps.  
Hubert J. Van Feenen, Medical Corps.

**IN THE NAVY AND THE MARINE CORPS**

Gen. Randolph McC. Pate, United States Marine Corps, to be Commandant of the Marine Corps with the rank of general for a period of 2 years from the 1st day of January 1958.

Gen. Ray A. Robinson, United States Marine Corps, retired, to be placed on the retired list with the grade of lieutenant general.

Lt. Gen. Robert E. Hogaboom, United States Marine Corps, for commands and other duties determined by the President to be within the contemplation of said section, to have the grade, rank, pay, and allowances of lieutenant general while so serving.

Having designated, in accordance with the provisions of title 10, United States Code, section 5231, the following-named officers for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, to have the grade, rank, pay, and allowances of admiral while so serving:

Vice Adm. James L. Holloway, Jr., United States Navy.  
Vice Adm. Herbert G. Hopwood, United States Navy.

The following-named officers for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, to have the grade, rank, pay, and allowances of vice admiral while so serving:

Vice Adm. Byron H. Hanlon, United States Navy.  
Vice Adm. Ralph E. Wilson, United States Navy.  
Rear Adm. John Sylvester, United States Navy.  
Rear Adm. Herbert D. Riley, United States Navy.

Vice Adm. Harold P. Smith, United States Navy, to be Chief of Naval Personnel and Chief of the Bureau of Naval Personnel in the Department of the Navy for a term of 4 years.

Vice Adm. Roscoe F. Good, United States Navy, when retired, to be placed on the retired list with the grade of vice admiral in accordance with title 10, United States Code, section 5233.

**IN THE MARINE CORPS**

For permanent appointment:

*To be major generals*

David M. Shoup Henry R. Palge  
Samuel S. Jack Marion L. Dawson

For temporary appointment:

*To be major generals*

For permanent appointment:  
Carson A. Roberts

James P. Berkeley  
Donald M. Weller

*To be brigadier generals*

Randall M. Victory Charles H. Hayes  
Carson A. Roberts Donald M. Weller  
James P. Berkeley William P. Battell  
Wallace M. Greene, Jr.

For temporary appointment as indicated, subject to qualification therefor as provided by law:

John P. Condon Lewis J. Fields  
Frank C. Tharin Leonard F. Chapman,  
Robert E. Cushman, Jr.  
Jr. Paul R. Tyler  
Richard G. Weede

The following-named officer of the Marine Corps Reserve for temporary appointment:

*To be major general*

Bertrand T. Fay

The following-named officer of the Marine Corps Reserve for permanent appointment:

*To be brigadier general*

William W. Stickney

The following-named officer of the Marine Corps Reserve for temporary appointment, subject to qualification therefor as provided by law:

Carlton A. Fisher

**IN THE NAVY AND THE MARINE CORPS**

The nominations of Theodore F. Beeman, and 2062 other officers for appointment in the Marine Corps, which were confirmed today, were received by the Senate on January 13, 1958, and a complete list thereof may be found in the Senate Proceedings of the CONGRESSIONAL RECORD, under the caption "Nominations", beginning with the name of Theodore F. Beeman, which is shown on page 383, and ending with the name of Clarence A. Bowers, which appears on page 388, and

The nominations of James C. Biggers, and 7,636 other officers, for appointment or promotion in the Navy, which were confirmed today, were received by the Senate on January 13, 1958, and a complete list thereof may be found in the Senate proceedings of the CONGRESSIONAL RECORD, under the caption "Nominations", beginning with the name of James C. Biggers, which is shown on page 366, and ending with the name of David M. Connor, Jr., which appears on page 383.

**WITHDRAWAL**

Executive nomination withdrawn from the Senate January 29 (legislative day of January 27), 1958:

**FOREIGN SERVICE OFFICER**

Miss Marguerite Cooper, of California, for promotion to class 7.

**HOUSE OF REPRESENTATIVES**

WEDNESDAY, JANUARY 29, 1958

The House met at 12 o'clock noon.

Rabbi Abraham J. Feldman, D. D., Temple Beth Israel, Hartford, Conn., offered the following prayer:

O God, author of all that is, who transcendeth space and time—and yet art nigh unto all that call upon Thee sincerely, humbly we bespeak Thy blessing upon these representatives of the people of this Republic. Sanctify their purposes as they serve their people and Thee and hallow their lives as they give of themselves in dedication.

Reverently, O God, we call unto Thee for Thy blessing to rest upon the Government of this Republic and upon all who govern by the consent of this peo-

ple. Strengthen and sustain their will to righteousness.

Give unto all of us, O God, the inspiration to goodness, the courage of righteousness, the daring of soaring hopefulness, the warmth of profound conviction, the humility of continuing faithfulness. Above all, O God, give us the assurance—at once comforting and challenging—that we are ever in Thy presence, that Thine eye is ever upon us and that Thine arm continues to guide us.

O Father, as we direct unto Thee "the fruit of our lips" and the meditations of our hearts, be pleased to "incline Thine ear unto us, to hear our words, and wondrously to show Thy steadfast love" unto all Thy children. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### THE LATE THOMAS JOHN BRIGHT ROBINSON

Mr. GROSS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. Mr. Speaker, I regret to announce the death of the Honorable Thomas John Bright Robinson, former Representative from the Third Iowa Congressional District, which I now have the honor of representing. He passed away Monday at his home in Hampton, Iowa, of a heart attack at the age of 89.

Through the years, Mr. Robinson continued to have a deep interest in national affairs and the work of Congress, especially the House of Representatives where he served so ably for 10 years.

Mr. Robinson was elected to the 68th Congress and the four succeeding Congresses, serving from March 4, 1923, to March 3, 1933. An unsuccessful candidate for reelection to the 73d Congress in 1932, he returned to Hampton where he was engaged in the real-estate and mortgage-loan business.

Born in New Diggings, Lafayette County, Wis., August 12, 1868, he moved with his parents to Hampton, Iowa, in 1870, and attended the public schools there. He was active in agricultural pursuits and the banking business, serving as president of the Citizens' National Bank of Hampton from 1907 to 1923. He also served on the Hampton Board of Education.

He was a member of the Iowa State Senate from 1912 to 1916. During the First World War he was prominently identified with war activities in his home county. He was a delegate to many Republican State conventions.

A Mason, Mr. Robinson also was active in the work of the Methodist Episcopal Church, attending several national and international conferences of the church.

I extend my sympathy to the members of his family.

Mr. LECOMPTE. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield.

Mr. LECOMPTE. Mr. Speaker, I knew the late Tom Robinson. He was one of the outstanding men of Iowa. He served well in the Iowa Legislature. He served with distinction in the Congress of the United States. Many of the older Members I think will recall a genial man, serious minded, diligent in his work. After he was out of Congress he devoted himself to the welfare of his fellow man and his community and State. He will be deeply missed in Hampton, Iowa. My heartfelt sympathy goes out to the family of this fine man.

Mr. MARTIN. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Massachusetts.

Mr. MARTIN. Mr. Speaker, I wish to join with the gentleman from Iowa in expressing deep regret at the passing of Tom Robinson. He was a Member of Congress when I first came to this body. He was a patriotic, devoted Congressman, a kindly man who had the respect of all who knew him. He served the State and the country well and his death is regretted by all who knew him.

#### GENERAL LEAVE TO EXTEND

Mr. GROSS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the life, character, and public service of the late Mr. Robinson.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

#### POLLS ON PAID TELEVISION

Mr. CELLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and include related matter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, in October and November of this past year, four separate polls were conducted to determine what the public thinks about pay TV. The result of each is clear: That there is overwhelming grassroots public opposition to subscription television.

Thus, a mail poll conducted by TV Guide among its readers turned up these results: 43,361—96.65 percent—against subscription television, 1,527—3.45 percent—for it.

A special personal interview survey of 1,409 persons in 10 widely scattered cities, conducted by the Pulse for Broadcasting magazine, turned up these results: 939—66.6 percent—against subscription television, 470—33.4 percent—for it.

A mail poll conducted by KSBW-TV, Salinas, and KSBY-TV, San Luis Obispo, both California, turned up these results: 5,002 viewers against subscription television, 4 in favor of it.

A mail poll conducted by Senator WILLIAM LANGER among residents of Bartlesville, Okla., where a wire-movies system is operating, turned up these results: 1,930 against subscription television, 163 for it.

More recently, the people in east Texas were asked what they thought of pay TV: 66,705 objected; 2 were for. What Texans think about pay TV is graphically portrayed in an article appearing in the January 20, 1958, issue of Broadcasting magazine. This article reads:

#### SIXTY-SIX THOUSAND, SEVEN HUNDRED AND FIVE VOICES RAISED AGAINST PAY TV

When folks around Tyler, Tex., speak, they mean to be heard, Marshall Pengra can verify. The general manager and coowner of KLTU (TV) Tyler outlined the pay versus free TV situation and asked east Texans what they thought of pay TV, and 66,707 shot back replies (the early count last week contained only 2 pro-pay TV votes).

This is the number of individuals represented in more than 11,000 cards, letters, and wires and some 200 petitions, which KLTU has sent along to the House Commerce Committee for guidance in committee hearings on toll TV this week.

In a broadcast January 2, Mr. Pengra asked viewers for preferences among 4 kinds of television: free TV, closed-circuit pay TV, community cable TV, and broadcast toll TV. The 66,707, except for 2 mavericks, stood up to be counted for free TV.

They had been told by Mr. Pengra that KLTU was ready to pitch its lot with pay-see, contingent on some ifs—if viewers thought the system should be tried, and if it became a necessity for economic survival. He quoted statements by network heads that they would be forced to fall in line, if pay TV should become established.

The KLTU broadcast also incorporated a filmed panel discussion originally broadcast over KRON-TV San Francisco, featuring that city's mayor, city attorney, and newsmen discussing closed-circuit pay TV. After the KRON-TV film, Mr. Pengra showed how a local closed-circuit system, starting with baseball programs, might develop into a national toll system. He demonstrated the economic potential of pay TV with the figures from the Pollitz study on how many viewers are willing to pay to see the world series, boxing, and other shows on a subscription TV system.

Before asking viewers to vote on whether or not they wanted pay TV, Mr. Pengra asked them to write and urge Congressmen to support free TV, to notify city authorities about closed-circuit systems, and to refuse to pay any station or company for programs.

Encouraged by early and heavy response, Mr. Pengra went on the air 6 days later with a progress report. Last week he repeated the original discussion with a late report from Senator WILLIAM LANGER, Republican, North Dakota, on his bill to ban pay TV.

But 66,707 signatures don't tell the whole story of the KLTU campaign. Local officials and leading citizens—publishers, mayors, bank presidents—have put themselves on record against toll television and are influencing constituents and customers to join them. They supplied quotes for Mr. Pengra's first followup broadcast.

The KLTU news staff in a continuing investigation of the subject turned up numerous applications for pay TV franchises on file with area city councils, including some station applicants. After KLTU publicized the fact, some of them publicly recanted and joined the chorus coming out of east Texas against the toll idea.



I also ask unanimous consent to include in the RECORD at this point a telegram I received from the general manager of station KTVH in Hutchinson, Kans.:

HUTCHINSON, KANS., January 27, 1958.  
The Honorable EMANUEL CELLER,  
House Office Building, Washington, D. C.:

As result of 3 explanations of current hearings on pay TV, KTVH has received approximately 3,000 individual responses—all opposed to pay TV except 1.

Respectfully,

HOWARD O. PETERSON,  
General Manager, KTVH.

#### INADEQUATE POLICE PROTECTION IN WASHINGTON

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN. Mr. Speaker, I am glad the gentleman from New York, chairman of the Committee on the Judiciary, is here this morning. I want to correct the remarks I made the other day. I neglected to say that part of our lack of protection was due to the ignorance or indolence of Members of Congress—say my own, I will leave out the others.

May I say to the gentleman that one of my co-workers last night was down in the parking lot south of the new House Office Building. She was afraid to get in her car, even though she had her young son with her, because of the loiterers around there.

We do not get anything much out of the Committee on the Judiciary on protection for the people of the District. I understand that committee wants to hold more hearings. I told the girls in the office to each buy a police whistle, I would pay for them. So if anyone hears that whistle, get down there and help them out—give them a little protection.

#### PAY TELEVISION

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I am so glad the distinguished gentleman from New York [Mr. CELLER] has brought to the attention of the House a matter that I am sure is in all our minds. I refer to pay television.

I have received many protests in reference to pay television. I feel very strongly about it myself because some people can afford to pay for the shows they want to see. Others cannot. It would seem unfair to charge for shows, that those who could not afford to pay would see only second-rate television—it would be very undemocratic, in my opinion.

I introduced a bill today which I believe would be helpful. It is a companion bill to the bill introduced in the Senate by Senator LANGER.

#### ANNIVERSARY OF THE BIRTH OF WILLIAM MCKINLEY

The SPEAKER. Under previous order of the House, the gentleman from Ohio [Mr. JENKINS] is recognized for 15 minutes.

Mr. JENKINS. Mr. Speaker, most of the older Members will remember that about 20 years ago I, as one of the Congressmen from Ohio, asked the Speaker of the House for some time to pay our respects to one of the greatest men who ever lived in the United States. I refer to former President William McKinley of Ohio.

Mr. McKinley was born in Niles, Ohio, on January 29, 1843. He enlisted in the Union Army on June 23, 1861, as a private. I remember one of my friends telling me that Mr. McKinley was then a teacher in a little country school in Ohio. He gave up his job as a teacher, went to Columbus, Ohio, and enlisted in the Union Army when he was still a boy.

Mr. McKinley was elected to the 45th Congress in 1877 and subsequently elected to the 49th, 50th, and 51st Congresses. He was elected governor of Ohio in 1891 and reelected in 1893. He was elected President of the United States in 1896 and reelected in 1900. He was shot by a cowardly assassin in Buffalo on September 6, 1901, and died on September 14 of the same year.

Mr. Speaker, let me tell you and the Members of the House what has moved us Congressmen from Ohio to observe the anniversary of McKinley's birth. McKinley was a great soldier, he was a great lawyer, he was a great governor of Ohio and he was a great President of the United States. But his real greatness and the real important service rendered by him to his country was that which he rendered as a Member of this House. I have seen the testimony of several men who lived at that time and they have always stressed the fact that McKinley's great days were spent as a Member of this body. I remember Mr. William Tyler Page, who was here for many years as an official of the House of Representatives, and he told me that McKinley sat over there in the middle of this room and that he was the most capable and competent of all the Congressmen that he knew. He was very loud in his praise of Mr. McKinley.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Ohio.

Mr. VORYS. Mr. Speaker, I join my colleagues in paying tribute to the memory of President William McKinley, of Ohio, on this anniversary of his birth.

He was a good, kindly, godly man, a shrewd politician, a farseeing statesman. With these qualities, he served his day and age, and looked far ahead.

He was the advocate of a protective tariff in the days when our infant industries needed special protection. As

chairman of the House Ways and Means Committee, he was the author of the McKinley tariff bill.

Later, as President, he looked far ahead. On September 5, 1901, at Buffalo, N. Y., the day before he was shot, he said:

Isolation is no longer possible or desirable \* \* \* By sensible trade arrangements which will not interrupt our home production we shall extend the outlets for increasing surplus \* \* \* We must not repose in fancied security that we can forever sell everything and buy little or nothing \* \* \* Reciprocity is the natural outgrowth of our wonderful industrial development under the domestic policy now firmly established. The period of exclusiveness is past \* \* \* Reciprocity treaties are in harmony with the spirit of our times, measures of retaliation are not. If perchance some of our tariffs are no longer needed for revenue or to encourage and protect our industries at home, why should they not be employed to extend and promote our markets abroad?

Mr. Speaker, these words of our martyred President might be a guide for us in this session of Congress.

Mr. JENKINS. Mr. Speaker, I yield to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Speaker, I wish to join with my other colleagues from Ohio, and especially with the dean of our delegation, Mr. JENKINS, in paying a well deserved tribute to one of Ohio's most illustrious sons, William McKinley, who served as President of the United States. Ohio and Virginia have long vied with each other as to which State should be called the Mother of Presidents. We have given many illustrious men to the Nation from our Buckeye State but none greater than William McKinley.

As a very, very small child I had the opportunity to sit at a dinner table with William McKinley before he came to Washington, Mr. Speaker, and to hear him utter a little prayer before he partook of his food. He was, as has been said, not only a great man, but a man who walked with God, and who lived up to the principles in which he believed.

Mr. JENKINS. Mr. Speaker, I yield to the gentleman from Ohio [Mr. BETTS].

Mr. BETTS. Mr. Speaker, I want to associate myself with the remarks of my colleagues. I think there are many lessons that can be learned from the life of William McKinley. Personally I have always been impressed with one outstanding characteristic, and that was that he approached all the problems of his day in a calm, cool, deliberate, and sober manner. I just have this observation to make, that I think in these days of stress and strain, when we are likely to be influenced by hysteria and by crises, we might well emulate that outstanding quality of McKinley's and approach our problems as he did in a cool, calm, and deliberate manner.

Mr. JENKINS. Mr. Speaker, I yield to the gentleman from Ohio [Mr. HENDERSON].

Mr. HENDERSON. Mr. Speaker, I share with one of McKinley's biographers a feeling of the significance of the fact that very early in his life, in fact, in 1867, the year in which he opened his law office in Canton, William McKinley

identified himself immediately with the Republican Party. Very early in life this great man found that he could lead a more useful life by choosing to identify himself with a political party. I mention this particularly because of the apparent reluctance of many young people to identify themselves with a political party.

Mr. Speaker, few have lost socially or economically by stalwart adherence to a political party, and by their loyalty they have gained much. William McKinley worked tirelessly in the campaigns for Grant and Garfield. His record in Congress was one which gained the admiration of all. He came to this Chamber from a Democratic district as an aggressive, uncompromising Republican, replacing James Garfield on the Committee on Ways and Means, and later becoming chairman of that committee as well as floor leader. So far as I know, he never sat in the middle aisle. The consequences of his adherence to his party cause increased his stature as a great leader.

He was a staunch advocate of the protective tariff. The result was the McKinley tariff bill. His fidelity to that cause resulted in his defeat in Congress. Following his defeat, the bill was repealed and following the repeal of the bill the panic of 1893 occurred. Many historians accredit that panic to the repeal.

His fidelity to cause, to the tariff and in other fields resulted in a reputation which led him to the White House.

As we consider our own devotion to cause and party we need remind ourselves of the stature of McKinley. As we consider the question of tariffs once again, we would do well to study the words of that great Republican President. The Nation needs men in Congress and throughout the land with the devotion, aggressiveness, and uncompromising nature of William McKinley, American, Republican.

Mr. JENKINS. Mr. Speaker, I should like to say one further thing about Mr. McKinley. He was loved by the people for one thing that he did which was outstanding and showed the nature of this great man. The Capitol in Columbus fronts on a large hotel, the Neal House. Mrs. McKinley was an invalid, but every day as Governor McKinley went across the street to his office in the State capitol he would stop and wave to his wife. He did that for years and the people respected him for his kindness.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Mr. Speaker, it is well that we pause on the anniversary of the birth of a President of the United States and pay proper tribute to his memory.

President McKinley served our country in a most trying period of its history. I think it might well be said that he was President of our country during a turning point in the foreign policy of our country. During his time the Spanish-American War took place; the Philippines came under our jurisdiction, and were later given their independence by

this Congress and the country. In doing that we carried out a pledge that we had made and showed the peoples of the world that the United States keeps its word, the greatest evidence of the noncolonial policy that could be given to the peoples of the world, if only they would heed it.

President McKinley served during that period and to me, as I view the history of that time, those years and the years which succeeded were a vital turning point in our history. More and more we participated in world affairs and I think it may safely be said that as a result of President McKinley's leadership America was brought out of its geographical, economic and political isolation and our country took its proper place not only in the world of that day but in the world of those years following the McKinley administration.

President McKinley was not only a great President, but a great American. Without regard for party, we respect each other and we respect the office of President of the United States, whoever might be the occupant of the office. When a man serves as President, he serves and acts as our President, he serves as President of the United States and President of all the people. William McKinley exemplified that to the highest degree humanly possible. It is a pleasure for me to join my colleagues from Ohio in participating in the exercises taking place today.

Mr. JENKINS. Mr. Speaker, I yield to the gentleman from New York [Mr. REED].

Mr. REED. Mr. Speaker, I wish to join with the Members from the State of Ohio and others who have paid these tributes to the memory of William McKinley. I recall the very day of his assassination. I was walking up the street to take the train to go down to the farm when it was announced that McKinley had just been shot in Buffalo. The whole town went into mourning as did the entire country. I would like to read something here that I think applies to William McKinley:

Character is the invulnerable armor which will withstand every assault and march triumphant to the highest position of honor and trust within the gift of a grateful people.

I think the strong point of William McKinley was his character, the same as the strong point in Washington's life and his contribution to the building of this country was Washington's character. I am glad to say these few words about a great patriot, a great statesman, and a great American.

Mr. JENKINS. Mr. Speaker, I yield to the gentleman from Ohio [Mr. DENNISON].

Mr. DENNISON. Mr. Speaker, among the noted sons and daughters that the State of Ohio has given to the service of the United States and the world, we remember and pay homage today to our 25th President and immortal son of Ohio—William McKinley. Throughout his 59 years of constant endeavor, throughout his public career, he had the respect, confidence, and affection of all people who came into contact with him.

William McKinley sprang from hardy Scotch-Irish, the same stock that was an important factor in the development of our Nation; and it imparted to him the qualities of force and determination mellowed by considerateness and reasonableness of mind. These characteristics, along with his belief that he belonged to a nation governed by the people, made an indelible impression upon his public career. From his election in 1869 as prosecuting attorney for Stark County, during his years in the Congress of the United States, his two terms as Governor of Ohio, and his Presidency, he believed in the people and sought to know them, and to guide, rather than to force, his policies.

Aside from his extraordinary ability as a leader of his nation, William McKinley had a personality that was natural and free from artifice, gentle but strong. As a public speaker he had few equals. His love of his fellow men, his broad, comprehensive views of man and his duty in relation to God enabled him to have charity for all. Religion was an important phase of William McKinley's life. As he yielded up his life which was taken at the hand of an assassin, President McKinley's last words will long be remembered: "It is God's way. His will, not ours, be done."

William McKinley's personal associates maintained for the rest of their lives an affectionate loyalty to his memory such as few American statesmen have inspired. And with his passing, the United States passed out of an era of its history.

Mr. JENKINS. Mr. Speaker, I yield to the Delegate from Hawaii [Mr. BURNS].

Mr. BURNS of Hawaii. Mr. Speaker, I thank the gentleman from Ohio. I want to join with the Members of the House in paying tribute to the memory of President William McKinley. It was during his administration and in large part due to his vision that Hawaii became an integral part of the United States of America. The people of Hawaii are proud and happy that they were added to the United States of America at that time. They treasure the heritage that they have and the anticipation they have of statehood in the near future. The memory of William McKinley is honored in Hawaii by the largest high school in the Territory which annually graduates thousands of young people into our community and the country. We are indeed pleased to have this opportunity to join in paying homage to the memory of William McKinley, a man of vision and a fine President of the United States.

#### WASHINGTON STATE SEVENTH INTERNATIONAL TRADE FAIR

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the present consideration of the joint resolution (H. J. Res. 439) to permit articles imported from foreign countries for the purpose of exhibition at the Washington State Seventh International Trade Fair, Seattle, Wash., to be admitted without payment of tariff, and for other purposes.



The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the joint resolution, as follows:

*Be it enacted, etc.,* That any article which is imported from a foreign country for the purpose of exhibition at the Washington State Seventh International Trade Fair (hereinafter in this joint resolution referred to as the "exposition") to be held at Seattle, Wash., from April 11 to April 20, 1958, inclusive, by the International Trade Fair, Inc., a corporation, or for the use in constructing, installing, or maintaining foreign exhibits at the exposition, upon which article there is a tariff or customs duty, shall be admitted without payment of such tariff or customs duty or any fees or charges under such regulations as the Secretary of the Treasury shall prescribe.

SEC. 2. It shall be lawful at any time during or within 3 months after the close of the exposition to sell within the area of the exposition any articles provided for in this joint resolution, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe. All such articles, when withdrawn for consumption or use in the United States, shall be subject to the duties, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles which shall have suffered diminution or deterioration from incidental handling or exposure, the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry under this joint resolution for consumption or entry under the general tariff law.

SEC. 3. Imported articles provided for in this joint resolution shall not be subject to any marking requirements of the general tariff laws, except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States.

SEC. 4. At any time during or within 3 months after the close of the exposition, any article entered under this joint resolution may be abandoned to the United States or destroyed under customs supervision, whereupon any duties on such articles shall be remitted.

SEC. 5. Articles which have been admitted without payment of duty for exhibition under any tariff law and which have remained in continuous customs custody or under a customs exhibition bond and imported articles in bonded warehouses under the general tariff law may be accorded the privilege of transfer to and entry for exhibition at the exposition, under such regulations as the Secretary of the Treasury shall prescribe.

SEC. 6. The International Trade Fair, Inc., shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under this joint resolution. The actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisal, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection with the supervision, custody of, and accounting for, articles imported under this joint resolution, shall be reimbursed by the International Trade Fair, Inc., to the United States under regulations to be prescribed by the Secretary of the Treasury. Receipts from such reimbursement shall be deposited as refunds to

the appropriation from which paid, in the manner provided for in section 524 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1524).

The joint resolution was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

Mr. MILLS. Mr. Speaker, House Joint Resolution 439, which was introduced by our colleague, the gentleman from Washington [Mr. PELLY], is similar to legislation enacted last year, which became Public Law 85-22, and in previous years, for the purpose of permitting articles imported from foreign countries for the purpose of exhibition at the Washington State Seventh International Trade Fair, Seattle, Wash., to be admitted without payment of tariff.

It has long been the policy of Congress to facilitate participation of foreign countries in international fairs and expositions held in the United States by permitting articles intended for display to be entered free of duty, under safeguarding regulations of the Secretary of the Treasury. This joint resolution follows the pattern of previous legislation unanimously approved by the committee and the House of Representatives.

The Washington State Seventh International Trade Fair will be held about 2 months from now and it is my hope that this legislation can be enacted into law expeditiously.

The Committee on Ways and Means was unanimous in urging the enactment of this legislation.

Mr. REED. Mr. Speaker, I have joined with my distinguished chairman in supporting the favorable consideration of House Joint Resolution 439 providing for the importation of articles to be exhibited at the Washington State Seventh International Trade Fair without payment of duty.

This legislation was sponsored by our esteemed colleague from the State of Washington [Mr. PELLY] and is similar to legislation that has previously been enacted by the Congress to provide for duty-free importation of exhibits at trade fairs. The customary safeguards against any possible abuse of this duty-free privilege are included in the legislation. The gentleman from Washington [Mr. PELLY] is to be commended for his very constructive and able interest in this matter.

The Committee on Ways and Means was unanimous in reporting favorably on this legislation.

#### REFUNDS OF ALCOHOL AND TOBACCO TAXES

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8216) to amend the Internal Revenue Code of 1954 to prevent unjust enrichment by precluding refunds of alcohol and tobacco taxes to persons who have not borne the ultimate burden of the tax, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 21, strike out "September 30, 1957," and insert "April 30, 1958."

Page 2, line 25, and page 3, line 1, strike out "September 30, 1957" and insert "April 30, 1958."

Page 3, line 3, strike out "September 30, 1957" and insert "April 30, 1958."

Page 3, line 4, strike out "September 30, 1957" and insert "April 30, 1958."

Page 3, lines 4 and 5, strike out "September 30, 1958" and insert "April 30, 1959."

Page 3, line 7, strike out "October 1, 1957" and insert "May 1, 1958."

Page 3, line 20, strike out "September 30, 1957" and insert "April 30, 1958."

Page 3, line 22, strike out "September 30, 1957" and insert "April 30, 1958."

Page 6, lines 2 and 3, strike out "October 1, 1957" and insert "May 1, 1958."

The SPEAKER. Is there objection to the request of the gentleman from Arkansas [Mr. MILLS]?

There was no objection.

The Senate amendments were agreed to.

A motion to reconsider was laid on the table.

Mr. MILLS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Speaker, the Senate has made a technical amendment to H. R. 8216 which passed the House on August 5, 1957, in the first session of this Congress. As Members of the House will recall, the provisions of H. R. 8216 were designed to impose conditions for the prevention of unjust enrichment in cases where refunds of the Federal excise tax on alcohol or tobacco were made. The bill requires a claimant of a refund for alcohol or tobacco taxes to show that he bore the ultimate burden of the tax or has refunded the amount of the tax to the person who in fact bore the ultimate burden.

As it passed the House, H. R. 8216 applied to any credit or refund made or allowed on or after October 1, 1957, whether in pursuance of a court decision or otherwise, and whether the claim arose on, or before, or after the enactment of the bill. Because it was not possible for the Senate to act on this measure in the first session of this Congress, the Senate has changed this date from October 1, 1957, to May 1, 1958. This change will provide the Internal Revenue Service with adequate time to prepare regulations under the bill and will accord to taxpayers sufficient time to comply with the provisions of the bill.

For these reasons, I move that the House recede and accept the Senate amendment.

Mr. REED. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED. Mr. Speaker, I have concurred in the request of my esteemed colleague and chairman that the House

concur in the Senate amendments to H. R. 8216.

It will be recalled that this legislation passed the House last year to provide that a taxpayer seeking to obtain a refund or credit with respect to alcohol and tobacco taxes would be required to demonstrate either that he bore the burden of the tax or that he has made a refund of such tax to his customer. The Senate amendments to this legislation relate to the effective date of the bill and the date for filing claims for refunds. The effective date of the bill has been advanced from October 1, 1957, to May 1, 1958, and conforming changes have been made in the legislation so that there will be sufficient time accorded taxpayers to file claims for refunds.

This legislation would have the effect of correlating the refund procedures in the case of alcohol and tobacco taxes with the procedures applicable in the case of retail and manufacturers' excise taxes.

#### EXPENDITURES INCURRED BY THE COMMITTEE ON GOVERNMENT OPERATIONS

Mr. FRIEDEL. Mr. Speaker, by direction of the Committee on House Administration, I call up a privileged resolution (H. Res. 423) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That the further expenses of conducting the studies and investigations authorized by rule XI (1) (h) incurred by the Committee on Government Operations, acting as a whole or by subcommittee, not to exceed \$725,000, including expenditures for employment of experts, special counsel, and clerical, stenographic, and other assistants, which shall be available for expenses incurred by said committee or subcommittees within and without the continental limits of the United States, shall be paid out of the contingent fund of the House on vouchers authorized by said committee and signed by the chairman of the committee and approved by the Committee on House Administration.

Sec. 2. The official stenographers to committees may be used at all hearings held in the District of Columbia, if not otherwise officially engaged.

Mr. MARTIN. Mr. Speaker, will the gentleman yield?

Mr. FRIEDEL. I yield.

Mr. MARTIN. I understand the gentleman has a number of resolutions from his committee.

Mr. FRIEDEL. Yes, sir; we do. We are now considering House Resolution 423, with amendments.

Mr. MARTIN. I would like to inquire how many of those resolutions are increases over last year.

Mr. FRIEDEL. We have six resolutions. There is only one that is an increase over the amount granted last year.

Mr. MARTIN. All but one are below? Which one is that which is above the amount last year?

Mr. FRIEDEL. That is the one we are considering now, House Resolution 423. This contains \$25,000 more than we authorized at the 1st session of the 85th Congress.

Mr. MARTIN. And what is the reason for it?

Mr. FRIEDEL. Because of the increased workload. This past year, for the first time, the committee has gone into the financial operations of our Government in the European theater. They hope to save the Government a lot of money. So far in their report they show they have saved the Government over \$2 million in the last year alone. They hope to show a saving of over \$5 million each year.

Mr. MARTIN. What I am trying to point out is the fact that this is a year when we are going to have extraordinary expenses. Of course we want to keep expenditures down as much as possible. And I should think the last place that we should be increasing expenditures is in the committees of Congress.

Mr. FRIEDEL. The Committee on Government Operations asked for \$725,000. Our committee amended it to read "\$600,000."

Mr. MARTIN. This is the only one that asked for an increase?

Mr. FRIEDEL. This is the only one that asked for an increase.

The SPEAKER. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendment: Page 1, line 2, strike out "(1) (h)" and insert "(8)".

On line 5, strike out "\$725,000" and insert "\$600,000"; and amend the title.

Mr. WIER. Mr. Speaker, will the gentleman yield?

Mr. FRIEDEL. I yield.

Mr. WIER. I was wondering if the suggestion of the gentleman from Massachusetts is to be followed out; that is, to vote en bloc on all of these committee requests at once.

Mr. FRIEDEL. No.

Mr. MARTIN. That was simply to get the debate over.

Mr. WIER. You are going to take them up individually?

Mr. FRIEDEL. We will take them up individually.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. FRIEDEL. I yield.

Mr. GROSS. Now, this is an expenditure for a subcommittee of the Committee on Government Operations, to investigate the foreign giveaway program, and that is being increased, I believe the gentleman said, because of increased spending. Is that correct?

Mr. FRIEDEL. I will repeat what I said.

This past year for the first time the committee has gone into the financial operations of our Government in the European theater.

Mr. GROSS. I believe the gentleman said that the increased appropriations were necessary because we were spending more money.

Mr. FRIEDEL. No.

Mr. GROSS. Let me ask the gentleman this question: In view of the administration's proposal for increased foreign spending, does it follow that the Government Operations Committee should get more money next year to investigate the giveaway program?

Mr. HARDY. Mr. Speaker, will the gentleman yield to me on that point?

Mr. FRIEDEL. I yield to the gentleman from Virginia.

Mr. HARDY. The only reason I asked to be heard on this is that I served as chairman of the subcommittee which has jurisdiction respecting foreign spending. Actually we are not expanding our staff. What we want to do is to keep the present staff that is working on this subject.

Actually last year we worked for only 10 months because we did not get started until the first of March.

In order to maintain the work with the present staff we need an increase to take care of the full year.

Mr. GROSS. If the gentleman will yield further, as long as this giveaway program is in operation we certainly should check up on it, but it is like a lot of other things around here. What we ought to do is get rid of it, then we would not have to spend this immense amount of money to check up on it.

Mr. THOMSON of Wyoming. Mr. Speaker, will the gentleman yield?

Mr. FRIEDEL. I yield to the gentleman from Wyoming.

Mr. THOMSON of Wyoming. Can the gentleman answer what the appropriation is for the staff of the Committee on Appropriations? The amount they require? How many staff members do they have on that committee as compared with the number of staff members on the Committee on Government Operations?

Mr. FRIEDEL. I do not have the figures for the Appropriations Committee now, but I do have figures for the Committee on Government Operations, and they show there are 52 on the investigating staff and that there are 13 clerks.

Mr. THOMSON of Wyoming. If the gentleman will yield further, I understand that the Appropriations Committee of the House has hardly any investigating staff at all. We depend on the Bureau of the Budget. I am thinking of the bill H. R. 8002. Without going into the merits of that it seems to me regardless of which approach we take we need to have more people in the committee to tell us what we are doing. As far as I can find out as of this morning they can only appropriate up to \$500,000 in any 1 year with regard to this Government Operations Committee; and I certainly commend them on what they are doing. I agree with the gentleman from Iowa, however, that we could cut it down and should. But I know that in this committee since they began stirring things up that since the 83d Congress for the 2 years they have had \$510,050, and if this resolution passes they will go to \$1,175,000 in this Congress. Has the committee taken that into consideration?

Mr. FRIEDEL. Yes; the committee has taken that into consideration. We have a report which shows that in the past year alone this committee, through their investigations, have saved the Government \$2,568,000-plus, and they seem to feel that each year they will be able to save an additional \$5 million.



Just as an illustration let me read one of the items: Utilization of tanks previously considered unserviceable—House Report No. 958. That is \$500,000 on just one item alone.

Then to take another, analysis of the Virgin Islands sugar operations: On this they saved \$165,000.

To take another one, insistence on settlement of a claim for defective electric conductor purchased by the Bonneville Power Administration from Alcoa—\$330,000.

Mr. THOMSON of Wyoming. I would suggest to the gentleman that I recall that although they had \$500,000 for 2 years they saved a lot of money; but I do not think you can just say that all that saving was the result of an increased appropriation; it was saved because the Reorganization Act gave a lot of authority to the Committee on Government Operations. They in turn have to make a study.

Does the gentleman know how many investigators the Committee on Appropriations has?

Mr. FRIEDEL. I cannot answer that offhand.

Mr. BURLESON. Mr. Speaker, will the gentleman yield?

Mr. FRIEDEL. I yield to the gentleman from Texas.

Mr. BURLESON. Let me say to the gentleman from Wyoming that the Committee on Accounts does not have anything to do with the Committee on Appropriations. The Committee on Appropriations is practically autonomous. In the second place, the Appropriations Committee of the House acts before the fact. The concept of the Committee on Accounts is to act after the fact. The missions of the two committees are entirely different. It may be that the Appropriations Committee should have some investigators; however, I know nothing about their operations in that respect.

Mr. THOMSON of Wyoming. I thank the gentleman. That is the point I wanted to make. I think that committee should.

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The resolution was agreed to, and a motion to reconsider was laid on the table.

#### COMMITTEE ON THE JUDICIARY

Mr. FRIEDEL. Mr. Speaker, by direction of the House Administration Committee, I call up House Resolution 432, as amended, and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That the expenses of further conducting the studies and investigations authorized by House Resolution 107 of the 85th Congress, incurred by the Committee on the Judiciary, acting as a whole or by subcommittee, not to exceed \$200,000, including expenditures for the employment of experts, special counsel, clerical, stenographic, and other assistants, and all expenses necessary for travel and subsistence incurred by members and employees while engaged in the activities of the committee or any subcommittee thereof, shall be paid out of the con-

tingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration.

With the following committee amendment:

Page 1, line 5, strike out "\$200,000" and insert "\$160,000."

The committee amendment was agreed to.

The resolution was agreed to, and a motion to reconsider was laid on the table.

#### SELECT COMMITTEE TO INVESTIGATE THE PROBLEMS OF SMALL BUSINESS

Mr. FRIEDEL. Mr. Speaker, by direction of the House Administration Committee I call up House Resolution 434 and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That the further expenses of conducting the study and investigation authorized by House Resolution 56 of the 85th Congress, incurred by the select committee appointed to study and investigate the problems of small business, not to exceed \$225,000, in addition to the unexpended balance of any sum heretofore made available for conducting such study and investigation, including expenditures for the employment of attorneys, investigators, clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof, and approved by the Committee on House Administration.

With the following committee amendment:

On page 1, line 5, strike out "\$225,000" and insert "\$200,000."

The committee amendment was agreed to.

The resolution was agreed to, and a motion to reconsider was laid on the table.

#### COMMITTEE ON VETERANS' AFFAIRS

Mr. FRIEDEL. Mr. Speaker, by direction of the House Administration Committee I call up House Resolution 438 and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That the further expenses of the investigation and study authorized by House Resolution 64 of the 85th Congress incurred by the Committee on Veterans' Affairs, acting as a whole or by subcommittee, and the expenses of the investigation and study to be conducted pursuant to House Resolution 65 of the 85th Congress incurred by the Committee on Veterans' Affairs, acting as a whole or by subcommittee, not to exceed \$10,000, for the purposes of both investigations, additional to that authorized by House Resolution 143 and House Resolution 279 of the 85th Congress, including expenditures for the employment of experts, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof and approved by the Committee on House Administration.

Sec. 2. The official stenographers to committees may be used at all hearings held in the District of Columbia unless otherwise officially engaged.

The resolution was agreed to, and a motion to reconsider was laid on the table.

#### COMMITTEE ON BANKING AND CURRENCY

Mr. FRIEDEL. Mr. Speaker, by direction of the House Administration Committee I call up House Resolution 443 and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That the further expenses of conducting the studies, investigations, and inquiries authorized by House Resolution 86, 85th Congress, incurred by the Committee on Banking and Currency, acting as a whole or by subcommittee, not to exceed \$100,000 in addition to the unexpended balance of any sums heretofore made available for conducting such studies, investigations, and inquiries, including expenditures for employment, travel, and subsistence of accountants, experts, investigators, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House, on vouchers authorized by such committee or subcommittee, signed by the chairman of such committee, and approved by the Committee on House Administration.

Sec. 2. The official committee reporters may be used at all hearings held in the District of Columbia, if not otherwise officially engaged.

With the following committee amendment:

On page 1, line 5, strike out "\$100,000" and insert "\$85,000."

The committee amendment was agreed to.

The resolution was agreed to and a motion to reconsider was laid on the table.

#### WHY SHOULD TEACHERS BE DRAFTED?

The SPEAKER. Under previous order of the House, the gentleman from Ohio [Mr. VANIK] is recognized for 15 minutes.

Mr. VANIK. Mr. Speaker, the current scientific struggle has properly pointed up to the American people the need for reexamining our educational structure and our educational systems. It is an established fact that we are falling behind in the development of scientists, engineers, doctors, and scholars in all fields. The causes are obvious—the shortage of schoolrooms, the shortage of teachers, the apparent lack of proper educational perspectives, and the misapplication or nonuse of untouched reserves of talent.

At this time I want to concern myself with the shortage of teachers, which is critical throughout the land. In my community I was recently shocked to learn that schoolteachers, including teachers of mathematics and the sciences, are being drafted.

In view of our teacher shortage, how ridiculous can we get, particularly when our Nation continues to draft teachers of mathematics and the sciences? In one Cleveland high school, three teachers of mathematics were recently called into military service—most likely for a service use unrelated to the teaching profession. A brief check indicates that 15 other teachers in the Cleveland area were recently called for military service.

These 18 teachers of my community, drawn into the military service, may seem like an insignificant number, but when we consider that under the period system every high school mathematics or science teacher may instruct 175 young people every day, the scholastic loss of 18 teachers in 1 community multiplies its adverse effect.

Under current regulations the draft of schoolteachers is not necessary and results from varying interpretations of draft laws and regulations in the several communities. There is therefore a critical need to amend the Universal Military Training and Service Act to specifically exempt teachers, particularly in critical subjects.

The Director of Selective Service has endeavored to foster a policy of liberality with respect to the teacher draft, but these policies have apparently failed to permeate the extensive draft structure. This is particularly true where teachers are registered for the draft in one community and employed as teachers in another. The local draft board with wide discretion frequently does not consider a teacher serving another community as a proper subject for draft or deferment.

It is urgently necessary for this Congress to amend the draft laws to provide a firm and uniform law relating to the draft and deferment of teachers needed in civilian training.

The Universal Military Training and Service Act, as amended, contains no provision specifically for the draft or deferment of teachers. However, section 6 (h) of the act provides for the deferment of categories of persons whose activity or endeavor in civilian life is found to be necessary to the maintenance of the national health, safety or interest.

Section 1622.20 of Selective Service Regulations instructs local draft boards that such activities should be disrupted as little as possible and that persons engaged in such activities be considered for deferment.

Section 1622.22 and section 1622.23 (a) of Selective Service Regulations set forth the standards of eligibility for consideration for deferment in class II-A.

In considering applications for deferment, local draft boards have available guides in the form of current lists of essential activities and critical occupations issued by the Departments of Commerce and Labor. Under the current lists, unchanged since March 1955, college, high school, and vocational schoolteachers in mathematics and the physical and biological sciences have been listed as being engaged in essential activities and critical occupations. In June 1955 the local boards were advised by National Headquarters, Selective Service System, to "give particularly careful consideration to the occupational deferment of any registrant who is qualified and who has been accepted for employment or is employed as a teacher in any of the fields of physical and biological science, mathematics, medicine or dentistry."

The selective service policy set forth in June 1955 and earlier has been broad-

ened informally since that date. According to information obtained from National Headquarters, Selective Service System, the Director of Selective Service has, by various means, from time to time called attention to the shortages in all teaching fields, and has fostered a policy of liberality in considering teachers for deferment. It has been the practice of the national headquarters in cases involving teachers that when evidence is presented that replacements for them are not available, to recommend further consideration and either postponement until replacement is available, or deferment of these teachers in practically all teaching fields. This policy has been followed by many but not all of the local boards.

In the January 1958 number of Selective Service, a monthly publication circulated largely within the Selective Service System to provide, among other things, a method of keeping local boards and others abreast of developments in the manpower field, the Director of Selective Service wrote as follows:

There is every indication that additional efforts will be made to increase the national supply of scientists and engineers. The Selective Service System need yield to none in what it has done in this field, but in the days ahead it must be even more careful in the consideration for deferment of registrants who are or give evidence of becoming qualified in this field. In addition, the Selective Service System must anticipate the pressures that will increasingly be placed upon the schools—colleges, secondary, and every grade—to train scientists and engineers. The problem of teachers, not only teachers of science and engineering, but teachers in general, is an unsolved one and the members of the Selective Service System must take every action within their power to assist in the efforts to provide more and better teachers.

Like other men with military obligation, teachers have the opportunity to discharge that obligation by enlistment in Reserve programs requiring 3 to 6 months of active duty, with satisfactory participation thereafter in the Reserve.

Also, college and vocational teachers in all critical occupations, and high-school teachers of mathematics, physical and biological sciences, are eligible to apply for enlistment in the critical skills Reserve program. Under this they serve only 3 months of active duty, and then may return to their community and occupation and may thereafter be relieved of participation in the Reserve training so long as they continue to be occupied in a critical skill. However, 3 months' service at a time other than the summer recess, could force a teacher to lose an entire teaching year.

The Selective Service System has made a diligent effort to preserve our teacher reserve and to prevent the unnecessary conscription of teachers. Although the number of teachers drafted may, indeed, be small, it is regrettable that any teachers should be subject to draft in the current educational crisis. It is practically impossible to determine the total number of high-school and college teachers who are now serving either voluntarily or involuntarily in the military Reserves. The supply of trained and skilled teachers is one of America's most

strategic reserves, and the only way it can be fully preserved is by amendment to the draft laws which remove from local boards the discretion of drafting teachers in critical areas of education.

#### OPERATION ABOLITION

Mr. WALTER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, some several weeks ago, the House Committee on Un-American Activities released a publication entitled "Operation Abolition," which describes the campaign against the House Committee on Un-American Activities, the Federal Bureau of Investigation, and the Government security program. This campaign is spearheaded by the Emergency Civil Liberties Committee—which has been cited as a Communist front—and its affiliate organizations. These organizations led by identified members of the Communist Party have scheduled a number of meetings across the Nation for the purpose of stimulating letters to the Congress opposing the work of the committee, the FBI, and the Government security program.

One of their principal objectives is to create the impression that the committee and its work are opposed by the rank and file of the American people.

The steady stream of regular correspondence received by the committee from all parts of the country demonstrates, however, that exactly the opposite is true. The work of the committee, as evidenced by the letters and telegrams, evokes overwhelmingly favorable response from the grassroots of America. We constantly receive expressions of support and commendation from every segment of American life: Government agencies, religious organizations, colleges and universities, newspapers, police and industrial security officers, industry, veterans' organizations and some ordinary citizens.

I recently made a sampling of the hundreds of letters which are received every week by the committee. Here are excerpts from typical letters:

An executive of a major defense industry:

May I take this opportunity to commend the committee on the preparation of the reports which continue to expose those whose tendencies are adverse to our democratic Government.

The director of a theological seminary:

These publications are a great help to us in the history, civic, and social study classes given at the seminary. Hence, we would appreciate it very much if you would continue to send them. And may I also take this opportunity to congratulate the committee on the fine work it is doing. Your task has been a thankless one; and one made doubly difficult by the senseless opposition you receive. Thus, I would like to assure you that there are many of us who are grateful to you for your work and who wish to give you every possible encouragement.



**A leading aircraft manufacturer:**

Please accept this letter as my expression of the request that I continue to receive committee publications. Committee publications and reports have been valuable to our security and investigative program.

**A Midwest university official:**

Would it be possible for you also to send me 500 copies of International Communism, the Communist Mind, your interview with Dr. Frederick Charles Schwarz. It looks like just the work needed to bring out for my students the philosophy of communism.

**An Air Force intelligence officer:**

These publications assist this organization in the accomplishment of its counterintelligence mission.

**A Marine Corps officer:**

The publications thus far received have greatly aided us in our task of exposing the methods used by the Communists and how they are dealt with.

**A district Immigration Service director:**

Your publications prove to be valuable references and are constantly used by our investigative branch.

**A political science professor:**

These publications are excellent in caliber and are invaluable as teaching aids and sources for undergraduate and graduate research.

**The business manager of a major eastern university:**

I use these publications regularly in my classes in political science. They have been helpful to us in developing university policy in re loyalty-oath legislation in the Pennsylvania General Assembly.

**A midwestern attorney:**

The committee has done a tremendous job in keeping the people informed as to the extent of Communist infiltration into government, education, industry, and entertainment fields. You can list me as a positive support of the committee and please advise if I can give any assistance.

**A leading Catholic newspaper:**

The committee publications are priceless—congratulations.

**A public relations counselor:**

Keep up your good work—the real citizens of this great United States are with you all the way.

**An official of a committee for refugee aid:**

Our American society and the culture which formed and animated it, owe you an unpayable debt of gratitude for exposing to public view those citizens and aliens engaged in subverting our civilization. Your publications are highly appreciated and indispensable. May your last appropriation be voted the year after Marxism is no more.

**A State Department official:**

Through the years the committee has done a magnificent work in making known facts concerning communism and its subversive activities. I wish to keep informed.

**A New York attorney:**

I would like to have these sent to my home address, so that there is less chance of their going astray. I find your materials invaluable in keeping abreast of the Communist threat of American freedom.

**A defense plant executive:**

These publications have been very well received and extractions from them have

assisted in keeping the Communist menace in front of our personnel.

**A motion picture studio:**

Your publications are very important information in my security work.

**A southern church leader:**

The committee reports on un-American activities prove to be a valuable asset to my library. I, for one, feel personally that the greatest threat to the Christian church today is that posed by un-American ideologies of communism and its coconspirators of socialism and materialism.

**A SMALL-BUSINESS CAPITAL-BANK SYSTEM**

The SPEAKER pro tempore (Mr. ASHLEY). Under previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 30 minutes.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I am today introducing a bill to create a small-business capital-bank system. I am introducing it for myself and a number of other Members of the House who will be known as coauthors and cosponsors of the bill. Their names will be put in the RECORD later. Many of them will each introduce the bill.

This bill, if enacted into law, will make available to small business a source of equity and long-term capital where such capital is not available on reasonable terms from existing private sources. It will transfer to such system all funds which are presently available under section 13 (b) of the Federal Reserve Act for loans to industrial and commercial firms, plus certain other funds out of surplus accounts of the Federal Reserve banks.

This bill contemplates that there will be a small-business capital bank in each Federal Reserve district; there are 12 of them. They will have offices and headquarters in the Federal Reserve bank buildings. Each bank will have a capital stock of \$10 million. The capital stock is to be furnished exactly as the initial capital stock of the Federal Deposit Insurance Corporation, from the surplus funds of the Federal Reserve banks.

In November last the House Committee on Small Business conducted hearings on the financing problems of small business. We had before us certain presidents of the Federal Reserve banks; and we received information from them that this transfer of funds could be made very easily, without any inconvenience or trouble to the 12 Federal Reserve banks.

The Federal Reserve has never wanted to administer that part of the law known as section 13 (b) of the Federal Reserve Act, which was for the purpose of having the Federal Reserve System assist in financing small firms. Over the years the System has used that

privilege somewhat, but very little, because they were really not in sympathy with it, at least as a function to be performed by the Federal Reserve banks. The Federal Reserve Board has recommended a provision in a bill that we are considering in the Committee on Banking and Currency, S. 1451, which has been passed by the Senate, that would repeal this section of the law. The Board wants to be relieved of this \$27.5 million and the program that goes with it. Since the provisions for small business under the Federal Reserve Act are to be repealed, we are asking to set up these small-business capital banks, and we are asking that the \$27.5 million, instead of going to the Treasury at this point, go into the operating expense accounts of these 12 small-business capital banks.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan.

Mr. HOFFMAN. Does the gentleman have a copy of that bill he can furnish me? That sounds like a vote getter. I would like to get in on it in some way. I would like to get those votes next year.

Mr. PATMAN. I shall furnish the gentleman a copy of the bill.

Mr. HOFFMAN. If I can go along with the gentleman on this bill, I can get some votes.

Mr. PATMAN. It is not only the votes that are important, but service to the gentleman's constituents, which is more important. You get votes by serving your constituents. That is the reason why the constituents of the fine, able gentleman from Michigan send him back here every 2 years.

Mr. HOFFMAN. Will the gentleman repeat that?

Mr. PATMAN. That is the reason why the constituents of the fine, able gentleman from Michigan send him back every 2 years, because he is alert to their demands and wishes and needs.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield further?

Mr. PATMAN. The best vote-getting a Member can do is properly and honestly and sincerely serve his constituents. That is the best vote-getting proposition the gentleman can serve his constituents and by being for this bill, that will get votes, I hope it does.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. HOFFMAN. I will tell you frankly that the Republicans in Michigan are in trouble. Will this pull us out of this Williams-Reuther combination which is getting us all this unemployment?

Mr. PATMAN. This will not touch on anything but one problem and that is small business. That is all, but this one problem is a big one.

I think it is a very fair bill. It provides for a capitalization of \$10 million, as I said, to operate. That capital will be transferred from the Federal Reserve. Remember this: this bill will not require the Government to borrow any money and pay any interest on it—not a penny. It will not cost the Government a penny. It will not increase the national debt

limit. So there is no reason why it should not be done. It is predicated upon the theory of the Federal land banks. The Federal land banks have all been paid out—they have paid back all capital the Government put into them. Associations of farmers now own those banks. The Government does not own any stock. That is exactly the theory of this bill. It is set up in a similar way. The borrowers will contribute by taking stock at 5 percent, just as they do in the Federal land banks; and it is contemplated that eventually the borrowers will pay every bit of the Government money back to the Treasury. It is contemplated that the banks will be owned privately and become definitely and distinctly a part of our private enterprise system.

But, this start is necessary. As it is now, there is no place for the small-business man to turn to get venture capital. The commercial banks of the country cannot offer it. The Small Business Administration cannot offer it. This sets up a source of such funds for small business.

Mr. HIESTAND. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. HIESTAND. Of course, I am very much interested in this and we are all interested in small business and want to do everything we can for small business. However, would the gentleman elaborate on how we are going to pay this money back to the Treasury—under what interest terms and so forth?

Mr. PATMAN. A board is set up, I will state to the gentleman, comparable to the Board of the Federal land banks and comparable to other boards. The person who borrows money will pay interest and repay the principal under reasonable conditions and reasonable terms, just as borrowers from other agencies do. There is no free gift involved in this; there is no giveaway. Every person will pay his way, and that is as it should be. The people who borrow this money will pay interest and they will pay going rates of interest. The important thing here is that it will give small-business people a place to go where they can be considered for the kind of capital they cannot now obtain—equity capital and long-term loan capital. It gives them a place to go whereas they now have none.

May I say further to my distinguished friend that we are doing this same thing now for other countries and for people and corporations in other countries; but we are not doing it for our own people. For example, in Mexico, just below the Rio Grande, people there want to build a cement mill, they can ask the Export-Import Bank here in Washington for a loan; and if they make a good case they can get a loan of money, all of which comes from the United States Government. They can get the money from us to build a cement mill or almost anything else, in Mexico, in Spain, in Italy, in Germany and in dozens of other countries all over the world. But, a small-business man in this country cannot get one dollar of that money. Our people just this side of the Rio Grande in Texas who want to build a cement mill cannot

go to the Export-Import Bank. And there is no place for them to go to get equity capital.

Mr. HIESTAND. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. HIESTAND. In just what way will this supply the financing for small business that the Small Business Administration is not now doing and is not now equipped to do?

Mr. PATMAN. On long-term loans for equity capital and venture capital, the Small Business Administration under existing law cannot supply either equity capital or really long-term loans; and neither can the commercial banks.

I might elaborate further on what we are doing for outside companies. For example, the Export-Import Bank has loaned billions of American dollars abroad, and every penny of stock of the Export-Import Bank is owned by the United States Government.

We are making venture capital loans to small business in Canada, Mexico, South America—in all countries of the world, except the United States of America and of course, the Iron Curtain countries. The International Finance Corporation has been organized within the last 3 years. They go into other countries and make venture loans and supply equity capital. They take stock in the corporations to which they are furnishing money; but here—there is no place here for the small-business man.

Then you take the World Bank, which does much the same thing, most of that money is put up by the United States Government.

And in the last foreign aid bill, we approved another one, the development loan fund. They help concerns all over the world, but not here in the United States.

We are asking for a very modest start of \$10 million capital stock for each of the 12 small-business capital banks.

Mr. HIESTAND. I understand that this plan will pay for itself and return money to the Treasury?

Mr. PATMAN. Yes, sir.

Mr. HIESTAND. Is it patterned after the bill which authorized the Export-Import Bank?

Mr. PATMAN. I would not say that. But it is patterned after comparable agencies that we have had in the United States performing similar functions—particularly the Federal land banks. I assure you that the terms are very reasonable. Our committee has been working on this for months, and I might say years; and last fall it was unanimously agreed by both the Democratic and Republican Members that we would at the earliest possible time get a bill prepared along this line for introduction. I am introducing it for myself, but other Members, whose names will be placed in the RECORD, will be coauthors and co-sponsors of this bill. Many of them will introduce the bill.

Mr. ROOSEVELT. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. ROOSEVELT. I would like to extend my congratulations to the chairman of the Committee on Small Business for

the introduction of this bill, because, as he said, this is the culmination of efforts over a very long period of time, in which evidence has been gathered for the need, on the part of small business in this country, for this kind of assistance.

I would also like to say that on tomorrow I would be happy to be a co-author of this bill. I think it not only accomplishes something specific for business, which today I think the record will show needs it more than any other segment of the economy of the country. But I think that my colleague from California [Mr. HIESTAND] will agree, after he has studied it, that not only does it cost the Treasury no money but it does the thing which the Small Business Administration admits it cannot do, which is to go in the money-raising business. They have testified before our committee many times in the past. It does another thing of great importance. It brings down to the local level the decision as to what the small business will be that is entitled to this assistance. In other words, the decision will not be made in Washington. It will be made right where the people are, next to the local methods of assistance that will be performed to operate under the terms of the bill. I simply want to say that I hope the Members of the House will become familiar with this bill and that it may receive very careful attention on the part of the committee to which it is referred, because never has the emergency been as great as it is now, to do something about the economy at home. It seems to me if we are going to spend billions of dollars in national defense, yet face the fact that perhaps we are collapsing in our economy at home, we are headed for the most serious kind of trouble we can get into. I think our chairman has led the way in pointing out one way to get America strong.

Mr. SANTANGELO. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. SANTANGELO. Under the Small Business Administration the proposed borrower, the American businessman, must show that he cannot borrow the money from banks, before he can qualify before the Small Business Administration.

Does that same provision apply under your bill?

Mr. PATMAN. Yes; and I think it should. If they can get financing locally there is no need for them to go to an agency of this kind.

Mr. SANTANGELO. So that your bill has that same qualification?

Mr. PATMAN. Yes, sir.

Mr. SANTANGELO. This bill provides the same equity-risk capital for small business?

Mr. PATMAN. That is correct. It provides for equity capital; and it provides for loans of a somewhat higher degree of risk, or for a longer term, than the commercial banks can usually make.

Mr. SANTANGELO. I would like to commend the gentleman for a very forward-looking bill. I think he is trying to help in a way which we can take to help make money available as risk capital.



Mr. PATMAN. Mr. Speaker, I yield to the gentleman from Texas [Mr. ALGER].

Mr. ALGER. Mr. Speaker, I am sure we are all interested in helping small business. The question seems to be one of how to help them. I have been interested, as the gentleman knows, in a statement I understood he made in Dallas, which I believe he later corrected, to the effect that money that was lying around could be used to help small business without interest or at small interest.

Mr. PATMAN. That was an honest mistake made by the reporter, or a misunderstanding and I can understand how it came about. He asked me about the \$10 million from the Federal Reserve bank capital which is to be transferred over without interest having to be paid on that by the Government. I stated that the Government would not have to pay interest on it. But the reporter got it confused. He had in mind that the borrowers would not have to pay interest. Of course, I did not have any such thing as that in my mind, and I am sure the gentleman understands that. What I said was that the Government itself would not have to pay any interest on it.

Mr. ALGER. Throughout there has occurred to me something the gentleman said at the beginning, that it would not cost the Federal Government anything, yet on page 13 of the bill I read something about \$1,200,000,000 as the total obligation.

Mr. PATMAN. All of the Government money will be paid back, so it will not cost the Government anything. It will be paid back just like loans from the Federal land bank are paid back. It will not cost the Government anything in the end for it will all be paid back. It is comparable to the Production Loan Corporation operations. That is not costing the Government anything because it is being paid back. Furthermore, the money that will be used is not now earning any interest.

Mr. ALGER. I wish the gentleman would define for me a little more clearly what is meant by "equity capital."

Mr. PATMAN. Equity capital is venture capital. Small-business concerns cannot get that and they cannot get long-term debt capital.

Mr. ALGER. Does the gentleman not believe that one way of helping the small-business man is to return some of his taxes?

Mr. PATMAN. Yes, and I am for tax reduction. I have introduced a bill to carry out President Eisenhower's Little Cabinet Committee's recommendations and to give the small-business men tax relief. I hope the gentleman will support it. I myself am going to support any measure along that line whether I am the author of it or not.

I agree with the gentleman, that is one way of helping small business; but taxes are not the only problem of the small-business man. It is but one part of the problem.

Mr. ALGER. Is it not true that if we appropriate the Government's money to help the small-business man we must raise his taxes to pay back the loan we are extending to him?

Mr. PATMAN. Not in this connection.

Mr. ROOSEVELT. If the gentleman will yield, I think perhaps the gentleman from Texas, after he studies the bill a bit and understands what it actually does, will find that it sets up very much the same machinery which now exists for FNMA; in other words, FNMA raises the necessary money that is needed through the issuance of securities on the open market. I think you will find a very similar concept is set forth in this bill. This is not money which is taken out of the Treasury; this is not money for which you will have to raise taxes; this is purely investment and will be repaid, as the gentleman from Texas [Mr. PATMAN] has pointed out, from the earnings on the investments which are made in these companies.

Mr. ALGER. If the gentleman will yield further, I somehow have an unreal feeling that we are obligating ourselves to the extent of \$1,200 million when it could be handled in some other way.

Mr. ROOSEVELT. I think the gentleman will find that the Government is not being obligated to \$1,200 million. When FNMA raises money through the sale of its securities, it does not become an obligation of the Federal Government. It is the same here, and the difference between the \$120 million of initial capital provided for in the bill and the maximum capitalization of \$1,200 million is a provision for private capital to come into the system.

Mr. PATMAN. I think when the gentleman reads the bill he will want to become a coauthor of it. I do not claim to be the sole author of the bill, just because I am presenting it. Our committee has been gathering ideas from a large group. We have made studies. We have taken suggestions from people all over the Nation; from small-business men, from big-business men, and from Republicans and Democrats alike. What we have done is to put these ideas together. We think we have a good bill. It is something which has been very much needed for many years, but it is difficult to obtain money for small business. When a suggestion is made to appropriate \$100 million for small business, people throw up their hands and say it would necessitate raising the debt limit; it would increase interest the Government paid; and the Government is already paying over \$7,800 million in interest; and so the suggestion would not get anywhere. But I think in this bill we have a plan whereby we can get the money that is needed—listen to this, Mr. Chairman—get money that is idle and unused. We can convert this money over to capitalizing these banks without cost to the Government; and the Government will get every penny of it back, just as the Federal Deposit Insurance Corporation paid back.

Mr. ALGER. Will the gentleman tell us something about the small-business investment corporations, of which there may be one association in each State, and 25 or more firms in each association?

Mr. PATMAN. This is not restricted to States; these will be local organizations and people will have to get in it and

cooperate and work shoulder-to-shoulder and put their money into it—put up part of the capital themselves, to be eligible for these loans.

Mr. ALGER. Does the gentleman visualize this tying into the small banking system?

Mr. PATMAN. It will help the small banks because a lot of the banks will want to participate in these loans, which they may do. No loan will be permitted to be made under this plan if the local bank will make it. This is to be used only in the event a man cannot get credit from his local bank or other local financial institutions.

Why should we deny him that opportunity? Here is \$120 million that is not used, it is idle. Nobody disputes that. It is not needed now at all. It is in the surplus fund of the Federal Reserve banks. It is Government money. Let us put it over into these capital banks, then, for operating capital and use the \$27½ million that the Federal Reserve Board has asked the Congress to relieve them of the obligation and responsibility of administering. Now, then, since the Federal Reserve System does not want to help small-business people, let us prepare a place for them to go, where they can get good service and use the same money that the Federal Reserve System says they want to turn back.

Sometimes people in little towns want to get up a little industry, a manufacturing plant. They get together, they put up money of their own, but the local bank is unable to help them because of restrictions and limitations. It is handicapped, and you cannot blame the local bank. Congress has placed these restrictions on them. But these people should have some place to go. There is no place now to go, not in the United States of America.

Mr. Speaker, imagine, we have set up at least four different international agencies, providing them with United States Government money, and permitting these four agencies to go into all of the countries of the world, outside of the Iron Curtain, to make loans to individuals, to corporations, to partnerships, to cooperatives, or to any shape or form of entity; but here in the United States there is no place for a person to go to get that same service. Certainly, we want to correct that situation and it is not a compliment to Congress for it to continue.

Mr. ROOSEVELT. Does the gentleman happen to have an item that appeared in the press today relating to the failures that are occurring in the United States? I think it would be of interest to the House to realize the seriousness of this situation in driving home the point he just made. If we are taking care of all the people outside the United States, we should begin to understand that there are a great many people, probably more than for many years, that need help. It would be of interest to refer to that article.

Mr. PATMAN. I have the New York Times of January 29; column 3 under the heading "Sidelights" says:

Business failures reached an 18-year high of 333 last week compared with 260 the pre-

ceding week and 258 a year earlier, according to Dun and Bradstreet.

There is where we are today. That was reported yesterday, the highest number of business failures in 18 long years.

Mr. HIESTAND. How does that compare percentage-wise with the total number of businesses? Are there not a vastly greater number of businesses today? Is it fair to take the total figure without making a comparison?

Mr. PATMAN. I do not have the time or the information to evaluate all those questions. But I think it is significant, and it should be alarming and disturbing that we have more business failures today than we have had at any time in 18 long years. Learning that, we should correct it.

Mr. HIESTAND. We admire the gentleman for his position in behalf of small business, and we are in complete sympathy with him. However, I do think when we quote these figures we should quote them percentage-wise and proportionally, because sometimes figures in the number of failures do not reflect the true picture.

Mr. PATMAN. But this one fact is significant, it is impressive, it is shocking—more failures than we have had in 18 years.

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. The gentleman's bill, I take it, is somewhat similar to the agricultural bill.

Mr. PATMAN. Yes, not the Farmers Home Administration, but similar to the Production Credit Corporation Act.

Mr. BROWN of Georgia. That is what I mean.

Mr. PATMAN. Of course, there are associations organized under the Corporation Act. We will have local associations organized under this, just like the local production credit associations are organized locally under the Corporation Act of the early thirties.

Mr. BROWN of Georgia. Does the borrower have to prove that he is unable to get the loan from local institutions before he can apply for a loan?

Mr. PATMAN. That is right; he must be unable to get it locally.

Mr. Speaker, I hope the gentleman gives it serious consideration. I would like for him to become a coauthor of the bill.

Mr. Speaker, this is a good bill. I feel it should receive the favorable consideration of the Members of the Congress. I hope it passes as other bills have passed here for small business.

Not only is the present failure record distressing, but we have some other records. In the last 2 weeks the Supreme Court has not dealt kindly with small business, from my viewpoint. On Monday a week ago, by a split decision of 5 to 4, the Court tilted the scales of justice against the small man. On Monday of this week in another 5-to-4 decision, it again tilted the scales of justice against the small man. This is a challenge to Congress. We must do some-

thing about it. We are doing something for businesses of all kinds and descriptions in every country of the world outside of the Iron Curtain, but there is not one place for the small man to get consideration for equity capital in the United States of America.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Tennessee.

Mr. EVINS. I regret not having heard all of the gentleman's speech, but I want to commend him on what I have heard. I know of the gentleman's very zealous advocacy for small business, and I also know of the plight the small-business men are in at this time. During the recess of the Congress the gentleman's committee held extensive hearings, and perhaps he has covered the subject, at which the Chairman of the Federal Reserve Board testified, the members of the Federal Reserve banks throughout the country, and some of the top financial people around the Nation, and there was rather a unanimous view that small business is having a most difficult time in securing equity capital for expansion. We know that the taxload is heavy, and I know of the gentleman's interest in this matter. We had testimony from the Federal Reserve System which said that this plan could work and be effective in providing the capital which is needed. I commend the gentleman for endeavoring to help a very important segment of our economy, a segment which pays taxes, employs people, and is very important to our economy. This is the time that assistance is needed.

Mr. PATMAN. I thank the gentleman from Tennessee for his flattering remarks. He is a member of the Small Business Committee and is due a lion's share of the credit for anything our committee may have accomplished.

While, as I have said, this is not my bill alone, I feel that I can invite all Members to join in introducing it. It is important for small business and for our country. We must pass it.

A BILL TO CREATE A SYSTEM OF SMALL BUSINESS CAPITAL BANKS TO GIVE SMALL FIRMS ACCESS TO EQUITY AND LONG-TERM LOAN CAPITAL

Mr. Speaker, for almost 20 years now, I have listened to and read the advice of many thoughtful and experienced people on how to solve the problems of small business. On one point there has long been almost universal agreement: It is the point that small business of the United States is capital starved, and is becoming more so.

It is a sad but an undeniable fact that here in our great country where we have a capitalistic system which we are determined to see outperform and outlast all other systems, small business is denied access to all but the meager springs from which capital flows.

WE ARE NOT A CAPITAL-SHORT NATION

The United States is not a capital-short Nation, but just the reverse. In fact, many economists believe that a long-term weakness of our economic system is that it tends to create savings in excess of investment demands. But in any case, the country is able to in-

vest, and in fact is investing billions of dollars abroad, through both public and private channels.

THE NEED IS FOR VENTURE CAPITAL

No, the problem is not a shortage of capital funds. The problem is a shortage of finance organizations gathering in the capital funds and making them available where needed. According to the theory of our capitalistic system, there is supposed to be a machinery in banking and finance which gathers together capital funds and brings them to a common meeting ground with industrial and commercial firms offering attractive investment opportunities. But as the students of this problem have long pointed out, insofar as small-business firms are concerned, this machinery is almost nonexistent.

This problem has been growing more and more acute. In recent decades we have all witnessed the trend toward more and more of the risk capital being drawn into the centralized financial markets, while small firms are being left more and more stranded. And while this trend has been increasing, other changes have been taking place which have both increased the capital requirements of all firms, small and large, and increased the small firms' need for some organized way of meeting these requirements. Technological changes have greatly increased the amount of capital equipment required for a successful firm, in almost all lines of business. And with the present-day tax structure, which allows few families to accumulate large personal fortunes, the small-business man must not only raise larger amounts of capital, but he must raise these funds from the savings of many more families than he can number among his personal acquaintances.

The country has a commercial banking system, of course, and on the whole a good one. But the main function of commercial banks is to make low-risk, short-term loans, such as are needed for seasonal or temporary additions to working capital. Commercial banks were never expected to supply funds for the permanent capital of business firms, and they are not by their nature suited to such financing. Substantially all of the funds in these banks are demand deposits, not depositors' savings, and actual capital paid in by bank stockholders averages less than 10 percent of deposits. Add to this the fact that commercial banking is done on a fractional reserve system, and it becomes plain why bank credit must be low in risk and high in liquidity.

In fact, both State and Federal banking laws rigidly limit the kinds of risk commercial banks can take, and the degree of liquidity beyond which they may not pass. These laws rule out investment in corporate stocks and they limit the number of years for which even the best secured loans can be made.

Where then is the progressive small firm with good profit prospects to obtain venture capital? Where also is the well-secured firm to borrow capital for expansion of fixed assets on a term of years reasonably commensurate with the value and expected life of its assets?



Where, in short, is the small firm to find the services which the centralized stock and bond markets provide for the big corporations?

"Not until Congress does something to fill this gap," all of the students of small business have told us, "will the fundamental problem facing small business be solved." How then to solve it?

#### PURPOSE OF SMALL-BUSINESS CAPITAL BANKS

Today, I am introducing a bill which I believe will solve this problem. It will, I think, ultimately correct the erosion which the small business segments of our economy have long been undergoing.

This bill will create a system of regional capital banks and local investment associations which will bring to small firms a source of the kinds of capital that is needed. The system will make available sources of equity capital—that is, capital for purchase of the stocks of small firms having attractive stocks to offer. It will also make available sources of long-term debt capital such as the commercial banks and the Small Business Administration are not able to supply.

Furthermore, in creating such a system, the bill meets all of the hard conditions which the many thoughtful and devoted free-enterprisers have said must be met by any such system that Congress might help to create.

This bill has many authors. In truth, it combines the thoughts of countless small-business men, big-business men, economists and other students of our economic system, both in and out of Congress. Furthermore, I have borrowed freely from the current ideas of many Members of Congress, both on the House and on the Senate side. It would be impossible to name all of the authors of this bill; but I expect that other Members of the House will join in supporting it. It presents a practical and workable program which can be adopted and put into effect promptly, and in the present business and political climate.

#### OBJECTIVES OF PRIVATE ENTERPRISE ARE MET

Let me mention the main principles and objectives which the bill meets.

First, we have been told that any financial institution which Congress might help to create should be privately operated, with local business people making the business judgments about which firms merit investment, and under what conditions. The bill clearly meets this sound and basic objective.

Second, we have been told that any financial system which Congress might help to get started for this purpose should provide for investment of private capital and provide for an eventual full ownership by local people. The bill I am introducing clearly meets this objective.

Third, we have been told that to be attractive to private capital, and a sound investment for local citizens, the system should embrace an insurance principle, so as to pool and spread the risks of the different investors and the different communities. The bill clearly meets this condition.

#### FEDERAL LAND BANKS FOR FARMERS ARE SUCCESSFUL

The Members will be extremely interested, I think, in the fact that when we undertook to draft a bill which would meet major objectives I have outlined, we made an interesting discovery. We found that we were rediscovering and copying a system which Congress put into effect more than 40 years ago, when it established the Federal Land Bank System. The Federal Land Bank System has been highly successful. It has paid back all of the capital which the Government put into it, and these banks are now owned and operated by local associations of farmers. These banks have a record of financial success. Yet, when they were set up financing agriculture was considered to be the poorest kind of financial risk. Certainly, then, we have here a wonderful opportunity to set up for small business the kind of system which has been tested and proved successful for 40 years and through two long farm depressions.

#### THE BILL REQUIRES NO APPROPRIATIONS, NO INTEREST CHARGES, AND NO INCREASE IN FEDERAL DEBT

What, then, will it take to set up such a system of capital banks for small business?

Will it require an increase in the debt ceiling? No.

Will it require appropriations? No.

Will it require an added interest burden on the Government? No.

To provide the initial capital of the new banks, the bill will transfer certain funds already available in the Federal Reserve banks. These consist of—

First. Approximately \$27½ million of what is known as section 13 (b) funds. These funds were made available in 1934, to help small business with direct loans from the Federal Reserve banks. The unused and uncommitted portion of these funds amounts to \$27½ million and the Federal Reserve System wants to get rid of them. In fact, the Federal Reserve Board is now recommending that the Federal Reserve System be relieved of this program because the Board feels that the Federal Reserve System should operate strictly as a central bank and have no dealings with industrial or commercial firms.

Second. The bill would also transfer \$10 million from the surplus reserve accounts of each of the 12 Federal Reserve banks. These reserves are not the same as the reserves of the member banks of the Federal Reserve System. They are separate from those. They are surplus earnings of the Federal Reserve banks from interest on Government securities, and they represent funds which are idle, unused, and unneeded in the Federal Reserve System. In fact, I have recently asked several officials of the Federal Reserve—including Chairman Martin—what these funds might be needed for, and not one of these officials has been able to suggest a likely use to which they might be put in the Federal Reserve System.

To repeat, the funds that would be transferred to form the initial capital of the Small Business Capital Bank System are already available. They are owned

by the Federal Government. The Federal Government would not pay interest charges on the use of these funds. These funds are not now earning interest. Finally, to use these funds would not increase the Federal debt.

#### WILL CURE BUSINESS SLUMP WITHOUT INFLATION

Now about the question of inflation. Clearly, the Federal Reserve Board, the administration and the whole banking community think some immediate and substantial inflation is highly desirable. Furthermore, preparations are being made to reduce reserve requirements of the commercial banks, in the hope that increasing the money supply in this way will cure the business slump. Yet inflation of this kind will do little to expand business. What is needed to bring about business expansion is not more money in the commercial banks, not more bank credit, but more capital expansion—more use of investment funds. Increases in the money supply which bring about corresponding increase in production are not inflationary.

The system of small business capital banks provided for in this bill will bring about an expansion of business. It will bring about an expansion of production and productive capacity, and not an expansion of money bidding for the same amount of goods and services.

#### SMALL BUSINESS CAPITAL BANKS WILL HELP THE PRIVATE COMMERCIAL BANKS

Finally, there is one other condition which we have been told must be met by such a system of small business capital banks as this bill would establish. The condition is that the Congress should not aid in establishing a system which will compete with private financial institutions. The bill meets this condition and more.

First of all, the Small Business Capital Bank System will not compete with the commercial banks. These banks will make available equity capital; the commercial banks do not supply, and do not expect to supply, any equity capital. The small business capital banks will also supply long-term debt capital, but this will be, again, capital for terms of years which the commercial banks do not and cannot expect to supply.

Furthermore, the bill specifically provides that a loan shall not be made except where the loan is not available on reasonable terms from private sources.

This bill will help and strengthen the commercial bank, particularly the local banks over the country. By helping to bring about strong and growing small-business firms over the country, the bill will strengthen the very lifeblood of the commercial banks. It will create a new and better demand for working capital loans, and an increased demand for all kinds of bank services.

#### THE SYSTEM WILL HELP STATE AND LOCAL DEVELOPMENT ASSOCIATIONS

In addition to these things, we have considered the State and local development associations that have been formed in recent years. These associations have been formed in several States in an effort to solve the very problem that makes

this bill necessary. Most of them have done fine work, and they have acquired valuable experience. Consequently, the bill provides for these associations to participate in the new system, but to retain their independence and have more resources to carry on the kind of work they are doing.

We consulted with a number of these associations and incorporated their ideas into the bill.

#### HOW THE SYSTEM WILL BE ORGANIZED

Coming now to the more specific features of the bill, let me outline the small-business capital system which it will create and show how this system will operate.

First, there would be established a Small Business Capital Bank Board as an independent agency of the Government of the United States. The principal office would be in Washington, and it would supervise and regulate the operation of a system of 12 small-business capital banks—one of which would be located in each Federal Reserve district.

The Board would consist of 13 members appointed by the President of the United States by and with the advice and consent of the Senate—1 from each of the 12 Federal Reserve districts and 1 at large. The Board members would devote full time to the duties of their offices and, as are members of similar boards such as the Federal Reserve Board, Federal Home Loan Bank Board, and others, would be paid an annual salary of \$20,000 per year. Each member would, as in the case of members of the Federal Reserve Board, serve a term of 14 years but could be removed from office by a showing of cause.

The Board would be authorized to establish and start the operation of the 12 small business capital banks. It would subscribe to \$10 million of capital stock in each such bank. However, that stock would be retired when all of the authorized capital stock of each of the small business capital banks would be subscribed by the small business investment associations, the creation of which is provided for in the bill.

#### THE SMALL BUSINESS INVESTMENT ASSOCIATIONS

Except for the capital stock of each of the small business capital banks initially subscribed by the Small Business Capital Bank Board, small business investment associations created in each of the States by small-business concerns would subscribe to the capital stock of the small business capital banks serving the area in question. Thus, provision is made for each of the small business capital banks to become fully privately owned by small business investment associations which, in turn, would be completely owned by small-business concerns.

Incidentally, the small business investment associations authorized in the bill, the establishment of which is provided for in the bill, would be patterned along the lines of the national farm loan associations and the production credit associations operating within the framework of the Federal land bank system and somewhat along the lines of the pattern of the building and loan associations op-

erating within the framework of the Federal home-loan bank system.

Funds which would be used by the small-business capital banks in supplying capital to small-business investment associations for their use in making investments in small-business concerns would be secured from the Small Business Capital Bank Board. The Board would supply these funds through the purchase of debenture bonds from the small-business capital banks. The Board would secure such funds from private investors through the sale of its own debenture bonds on the open market. In such transaction, it would operate in much the same manner as the Federal National Mortgage Association—FNMA.

#### NOT OBLIGATIONS OF THE UNITED STATES GOVERNMENT

The bill provides that the Board shall insert appropriate language in each of its obligations, clearly indicating that neither such obligation nor the interest thereon is guaranteed by the United States or constitutes a debt or obligation of the United States. Other language in the bill makes it clear that nothing contained in any of its provisions shall be deemed to impose any liability on the United States or on the Board or on any small business capital bank with respect to any obligations entered into on any securities issued by any of the small-business investment associations, the establishment of which is authorized through the provisions of the bill.

#### RECENT HEARINGS ON THE PROBLEM

The House Small Business Committee held hearings regarding the problems of small-business financing during November 1957. At the conclusion of our hearings in November, our committee, without dissent, subscribed to the statement that "we must develop more adequate sources of long-term loans and equity capital for small business." The more we study the matter, the stronger is our conclusion that we must act to provide more adequate sources for long-term loans and equity capital for small business.

#### THE PROBLEM IS UNIVERSALLY RECOGNIZED

Almost without exception, the witnesses who testified at the hearings held by the House Small Business Committee on the problems of small-business financing pointed to the immediate need for more adequate sources of equity and other long-term capital for small-business financing. They pointed out that while the large corporations have access to capital through large, well-organized, nationally known facilities, the small-business concern, in contrast, is without such facilities. The small concern must rely upon what it can retain from its earnings for investment in plant and equipment to meet the demands for survival, expansion, and growth.

Various proposals were advanced for the establishment of facilities for providing small business with equity and other long-term capital. A number of witnesses pointed to the proposals which had been made by Senator SPARKMAN, chairman of the Senate Small Business Committee in S. 2160 for the establish-

ment of national investment companies to be capitalized by the Federal Reserve System. Others suggested the need for establishing small-business investment associations to work in close cooperation with financial institutions and with business enterprises in the particular areas in which they would be of service to small-business concerns and in providing such concerns with needed equity and long-term capital. In that connection suggestions were made for "the establishment of a Federal small-business system as a permanent source of equity and long-term funds for small business eventually privately owned and controlled and, as in the case of the Federal land-bank system, at no ultimate cost to the taxpayer"—page 61, record of hearings before the House Small Business Committee on the problems of small-business financing, November 1957.

#### HOUSE SMALL BUSINESS COMMITTEE DIRECTED BILL BE PREPARED

At the conclusion of our hearings on the problems of small-business financing November 22, 1957, the House Small Business Committee directed that a bill be prepared that would provide for adequate sources of "long-term loans and equity capital for small business."

A carefully worked out bill was drafted and, as I said, I am introducing it to create a Small Business Capital Bank System to make available to small business a source of equity and long-term capital. As has been noted, it provides for a system of small business capital banks patterned somewhat along the lines of the Federal land bank system, thus the system of small business capital banks, while being chartered, sponsored, and promoted by the Federal Government, would nevertheless be a privately owned financial institution with no Federal Government ownership in the system.

The opportunities for securing the equity and other long-term capital which would be afforded by this bill are overdue. Often small business concerns have been promised that these opportunities would be opened up to them. They are needed urgently. Therefore, this bill should be taken up, considered, and passed without undue delay.

I am inserting herewith a copy of the bill H. R. 10345:

#### H. R. 10345

A bill to create a Small Business Capital Bank System to make available to small business a source of equity and long-term loan capital where such capital is not available on reasonable terms from existing private sources; to transfer to such system all funds which are presently available under section 13b of the Federal Reserve Act for loans to industrial and commercial firms, together with certain other funds out of the surplus accounts of the Federal Reserve banks; and for other purposes

*Be it enacted, etc.—*

#### TITLE I—SHORT TITLE, STATEMENT OF PURPOSE, AND DEFINITIONS

##### Short title

SEC. 101. This act, divided into titles and sections according to the following table of contents, may be cited as the "Small Business Capital Bank Act."



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- Sec. 501. Standards of eligibility for assistance.  
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*Title VI—Miscellaneous*

- Sec. 601. Criminal penalties.  
 Sec. 602. Injunctive relief.

*Statement of purpose*

Sec. 102. (a) The Congress hereby finds that there is an increasing need among the small-business concerns of the United States for funds to finance their operations and to promote and facilitate their growth, expansion, and modernization; that this need must be met in the interest of a sound national economy; and that the loans which are presently available to small-business concerns from the Federal Government and from other public and private sources not only fail to meet this need but in fact, because of the burden of repayment over a relatively short period of time, frequently prevent such growth and expansion.

(b) It is therefore declared to be the policy of the Congress and the purpose of this act to improve and stimulate the national economy in general and the small-

business segment thereof in particular by establishing a program under which small-business concerns in the United States can be supplied with the equity capital and long-term loan funds which they need for the sound financing of their business operations and for their growth, expansion, and modernization.

*Definitions*

SEC. 103. (a) As used in this act—

(1) the term "Board" means the Small Business Capital Bank Board established by section 201;

(2) the term "bank" means a small business capital bank established under section 301;

(3) the term "association" means a small business investment association organized as provided in section 401;

(4) the terms "district" and "small business capital bank district" mean a geographical area coextensive with one of the 12 Federal Reserve districts created under section 2 of the Federal Reserve Act and existing on the date of the enactment of this act, except that the boundaries of such districts may from time to time be readjusted by the Board after the date of the enactment of this act to take into account more effectively the small-business needs of the country;

(5) the term "trading area" means a business community embracing an entire metropolitan area (as defined by the Board), or a geographical area embracing a number of municipalities when such a designation is determined by the Board to be necessary and appropriate in order to include all of an integrated business and commercial community; and

(6) the terms "State" and (when used in a geographical sense) "United States" include the several States, the Territories of Alaska and Hawaii, the District of Columbia, and the Commonwealth of Puerto Rico.

(b) (1) As used in this act, the term "small-business concern" means a business concern, incorporated or unincorporated, which is not dominant in a well-established industry or line of business, and which meets the more detailed standards and criteria prescribed by the Board under paragraph (2).

(2) As soon as practicable after the date of the enactment of this act, the Board shall prescribe detailed standards and criteria for the definition of the term "small-business concern", which standards and criteria may be based upon, but shall not be limited to, such things as number of employees, assets, volume of sales, and other factors related to the concern's relative position in its industry or line of business.

(3) The Board shall from time to time revise such standards and criteria to the extent necessary to take into account more accurately and realistically the relationship of small-business operations to the economy as a whole. Whenever such standards and criteria have been prescribed or revised with respect to any industry or line of business, the definition shall be published in the Federal Register, and for purposes of this act shall thereafter remain in effect with respect to such industry or line of business until subsequently revised and published by the Board in accordance with the same standards and procedures as those which were applicable when it was originally prescribed.

*TITLE II—ESTABLISHMENT OF SMALL BUSINESS CAPITAL BANK BOARD**Establishment of the Board*

Sec. 201. There is hereby established, as an independent agency of the Government of the United States, a Small Business Capital Bank Board. The principal office of the Board shall be located in the District of Columbia, but the Board may establish such district and branch offices throughout the United States as it deems necessary and appropriate.

*Membership*

SEC. 202. (a) The Board shall consist of 13 members appointed by the President by and with the advice and consent of the Senate, 1 member from each of the 12 small business capital bank districts and 1 member at large. In making such appointments, the President shall have due regard to a fair representation of the public interest as well as of the particular interests and needs of small business and the special contributions which can be made by small-business concerns to the sound development of the national economy, and shall give particular consideration to persons who are experienced in small business and are familiar with its financing and other problems; and before appointing any member from 1 of such 12 districts (other than the first member so appointed) the President shall receive and consider any nominations for such appointment which may be submitted by small business investment associations in the district involved.

(b) Each member of the Board shall be appointed for a term of 14 years; except that (1) of the 12 members first appointed from the small business capital bank districts, 3 shall be appointed for terms of 3 years, 3 for terms of 7 years, 3 for terms of 10 years, and 3 for terms of 14 years, as designated by the President at the time of appointment, and (2) any member appointed to fill a vacancy shall be appointed only for the unexpired portion of his predecessor's term.

(c) Each member of the Board shall be a citizen of the United States and (except in the case of the member appointed at large) shall have been a resident of the district from which he is appointed for not less than 10 years next preceding his appointment. No person shall be eligible for appointment as a member of the Board if, at the time his term of office would begin or within the 1-year period next preceding such time, he shall have been a director or salaried officer or employee of a small business capital bank or small business investment association. The members of the Board shall devote their entire time to the business of the Board and shall not engage in any other occupation or work during their terms of office.

(d) The annual rate of basic compensation of each member of the Board shall be \$20,000.

(e) Each member of the Board, in addition to receiving compensation as provided in subsection (d), shall be reimbursed for necessary travel, subsistence, and other expenses actually incurred in the discharge of his duties as such member, without regard to any other laws relating to allowances for such expenses.

(f) As soon as practicable after the first members of the Board have been appointed as provided in subsection (a), the members shall meet, subscribe to the oath of office, and organize by electing from among the membership a Chairman and a Vice Chairman and by appointing (from within or without its membership) a Secretary. The Chairman, Vice Chairman, and Secretary shall be elected annually for terms of 1 year, and shall serve until their respective successors are elected and take office. The Chairman shall preside at all meetings and the Vice Chairman shall preside in the absence or disability of the Chairman. The Board may, in the absence or disability of both the Chairman and Vice Chairman, elect any of its members to act as chairman pro tempore. Seven members shall constitute a quorum of the Board for the transaction of business, and the Board may function notwithstanding vacancies provided a quorum is present. The Board shall meet at such times and places as it may fix and determine, but shall hold at least 12 regularly scheduled meetings a year; and special meetings may be held on call of the Chairman or any three members.

(g) Notwithstanding subsection (b), any member of the Board may at any time be removed from office for cause by the President or, if cause exists but the President does not act, by the Congress through impeachment proceedings.

(h) The Board shall adopt such rules as it may see fit for the transaction of its business, and shall keep permanent and complete records of its acts and proceedings.

#### *Executive Director*

SEC. 203. (a) The Board shall appoint an Executive Director, who shall serve at the pleasure of the Board and shall, subject to the general supervision and direction of the Board as to matters of a broad and general supervisory, advisory, or policy nature, and, except as otherwise specifically provided in this act, be responsible for the execution of the functions of the Board.

(b) The Board shall fix the compensation of the Executive Director, but his annual rate of basic compensation shall not exceed \$17,500. In addition to receiving such compensation, the Executive Director shall be reimbursed for necessary traveling and subsistence expenses, or paid a per diem allowance in lieu thereof within the limitations prescribed by law, while away from his official station upon official business.

(c) The Executive Director shall comply with all orders and directions which he receives from the Board; but as to all third persons his acts shall be presumed to be in compliance with the orders and directions of the Board.

(d) The Executive Director shall appoint such officers, employees, and other personnel (including attorneys, economists, accountants, experts, assistants, clerks, and laborers) as may be necessary to carry out the functions, powers, and duties vested in the Board, and fix their compensation, in accordance with the civil-service laws and regulations and the Classification Act of 1949. All functions, powers, and duties of the Board, except those specifically reserved to the Board itself by this act, shall be exercised and performed by the Executive Director and may be exercised and performed by him through such officers, employees, or other personnel of the Board as he may designate.

#### *Seal*

SEC. 204. The Board shall have an official seal, which shall be judicially noticed.

#### *Provision of funds*

SEC. 205. (a) The funds required for the operating expenses of the Board, and for its investment in the capital stock of the 12 small business capital banks under section 304 (a), shall be obtained as provided in this section.

(b) (1) Within 90 days after the enactment of this act, there shall be transferred to the Board from the existing accounts of the 12 Federal Reserve banks, under the direction of the Board of Governors of the Federal Reserve System, all funds heretofore authorized for loans to industrial and commercial firms under section 13b of the Federal Reserve Act and not loaned or otherwise committed for that purpose, together with all the existing rights and liabilities of the Federal Reserve banks with respect to loans under such section 13b which are outstanding or with respect to which commitments have been issued, including the right to collect or receive (and to use as provided in subsection (a) of this section) any repayments of such loans which may hereafter become due. Effective 90 days after the date of the enactment of this act, section 13b of the Federal Reserve Act is repealed; but such repeal shall not affect the power of the Board to carry out, or protect its interest under, any agreement or transaction, theretofore made or entered into under such section, with respect to

which rights and liabilities are transferred to the Board under this paragraph.

(2) Within 90 days after the date of the enactment of this act, there shall be transferred to the Board from the existing surplus accounts of the 12 Federal Reserve banks, under the direction of the Board of Governors of the Federal Reserve System, the sum of \$120 million. The amount which shall be transferred from the surplus account of any Federal Reserve bank under this subsection shall bear the same ratio to \$120 million as the surplus account of that bank bears (on the date of the enactment of this act) to the total of the surplus accounts of all 12 Federal Reserve banks.

(c) Whenever the Board's investment in the capital stock of any small-business capital bank is retired as provided in section 304 (b), the proceeds from the retirement of such stock shall be paid over by the Board to the Treasury of the United States as miscellaneous receipts.

(d) In order to secure funds to be used in purchasing debenture bonds of banks as provided in section 305, the Board is authorized to issue and have outstanding obligations having such maturities and bearing such rate or rates of interest as may be determined by the Board with the approval of the Secretary of the Treasury, to be redeemable at the option of the Board at or before maturity in such manner as may be stipulated in such obligations; but the aggregate amount of such obligations which may be outstanding at any one time shall not exceed \$1,200,000,000. Such obligations shall be sold only to private investors, and the proceeds therefrom shall be used only for the purchase of debenture bonds of banks as provided in section 305. The Board shall insert appropriate language in each such obligation clearly indicating that neither it nor the interest thereon is guaranteed by the United States or constitutes a debt or obligation of the United States or of any agency or instrumentality thereof other than the Board. The Board is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

#### *Regulations*

SEC. 206. The Board shall prescribe and publish such regulations (including regulations providing for the wide dissemination to small-business concerns of information concerning the benefits and objectives of the program established by this act, defining in detail the financial and operational relationships among and between banks, associations, small-business concerns, and other persons, and otherwise insuring that all possible assistance will be extended to small-business concerns under this act and that such assistance will be an effective means of promoting the purposes of this act), and take such other actions, as may be necessary and appropriate in carrying out this act and in effectively exercising the functions expressly and impliedly vested in it under this act.

#### **TITLE III—ORGANIZATION OF SMALL BUSINESS CAPITAL BANKS**

##### *Establishment of banks*

SEC. 301. The Board shall establish in each district a small business capital bank. The principal office of each bank shall be located (unless such location is rendered impossible by reason of adjustments in district boundaries made under section 103 (4)) in the city within its district where the Federal Reserve bank for such district is located, and such Federal Reserve bank shall make available without cost to the small business capital bank, in the Federal Reserve bank building, the quarters and facilities needed by such bank to carry out its functions under this act. Each small business capital bank shall include in its title the name of the city in

which it is located. Subject to the approval of the Board, any bank may establish branches within its district.

#### *Temporary management*

SEC. 302. (a) Each bank shall be temporarily managed by seven directors appointed for terms of 2 years by the Board. Such directors shall be citizens of the United States and residents of the district in which the bank is located. They shall each give a surety bond, the premium on which shall be paid from the funds of the bank, and shall receive such compensation as the Board shall fix. They shall choose from among their number a chairman, vice chairman, secretary, and treasurer and may, subject to the approval of the Board, appoint and fix the compensation of such attorneys, economists, accountants, experts, assistants, clerks, laborers, and other employees as they deem necessary.

(b) The temporary directors of each bank shall, under their hand, forthwith make an organization certificate which shall specifically state—

(1) the name assumed by the bank;

(2) the district within which its operations are to be carried on, and the particular city in which its principal office is to be located;

(3) the amount of the bank's authorized capital stock and the number of shares into which such stock is to be divided, and the increase in such stock which (under the regulations prescribed by the Board pursuant to section 206) may result from conversion of debenture bonds issued under section 305; and

(4) the fact that the certificate is made to enable small-business concerns to avail themselves of the advantages of this act. The organization certificate shall be acknowledged before a judge or clerk of some court of record or notary public and shall, together with the acknowledgment thereof, be authenticated by the seal of such court or notary and transmitted to and filed in the principal office of the Board, where it shall at all times be open to public inspection.

(c) The Board is authorized to direct such changes in or additions to any such organization certificate, not inconsistent with this act, as it may deem necessary or expedient.

(d) Upon duly making and filing the organization certificate, the bank shall become (as of the date of the execution of such certificate) a body corporate, and as such, and in the name designated in such certificate, it shall have power—

(1) to adopt and use a corporate seal;

(2) to have succession until it is dissolved by act of Congress or under the provisions of this act;

(3) to make contracts;

(4) to sue and be sued, complain, interplead, and defend, in any court of law or equity, as fully as a natural person;

(5) to elect directors (subject to the provisions of section 303) and by its board of directors to elect a president and a vice president, appoint a secretary and a treasurer and other officers and employees, define their duties, require bonds of them and fix the penalty thereof, and dismiss any such officers and employees at pleasure and appoint others to fill their places;

(6) to prescribe, by its board of directors, subject to the supervision and regulation of the Board, bylaws not inconsistent with law, regulating the manner in which its stock shall be issued, held, and disposed of, its directors elected (subject to the provisions of section 303), its officers elected or appointed, its property transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed; and

(7) to exercise, by its board of directors or its duly authorized officers or agents, subject to law, all such incidental powers as



shall be necessary to carry out its functions under this act.

#### *Election of directors*

SEC. 303. (a) After the expiration of the 2-year term of the temporary directors of any bank appointed by the Board under section 302 (a), the directors of such bank shall be chosen as provided in this section.

(b) Each bank shall have seven directors who shall serve for concurrent terms of 2 years each. Five of such directors shall be elected by majority vote of the stockholders of the bank, and two of such directors shall be appointed by the Board.

(c) The annual rate of basic compensation of each director of a bank, and any allowances for travel, subsistence, and other expenses, shall be fixed by the Board. Each such director shall be a citizen of the United States and a resident of the district in which the bank is located, and shall have such other qualifications as the Board may prescribe.

(d) The directors of any bank first appointed under this section shall immediately take such action as may be necessary to terminate the period of temporary management of the bank and establish its permanent operation under its charter and by-laws.

#### *Capitalization*

SEC. 304. (a) Each bank shall be established with an authorized capitalization of \$110 million, of which \$10 million shall be paid-in capital subscribed for by the Board immediately upon the establishment of the bank and the remainder shall be provided by investments of associations under section 409 and of other financial institutions under section 504 (b).

(b) The stock subscribed for by the Board under subsection (a) shall be retired in full not later than the time when all of the remaining authorized capitalization has been subscribed and paid in.

#### *Borrowing power*

SEC. 305. In addition to its authorized capitalization, each bank shall have authority to obtain funds through the sale to the Board of its debenture bonds, which shall—

(1) bear interest at such rate, and contain such other terms, as the Board may fix;

(2) be callable on any interest payment date, upon 3 months' notice, at par plus accrued interest; and

(3) be convertible at maturity if not theretofore called, at the option of the Board, into stock of such bank at the rate of 1 share of \$100 par value 7 percent preferred stock for each \$100 (or fraction thereof) of the face value of the debenture bond or bonds converted; and the right of conversion may be exercised by the Board with respect to any 1 or more debenture bonds without exercising such right with respect to other such bonds held by it.

#### *Use of banks' funds*

SEC. 306. It shall be the primary function of each bank to use any funds available to it from its capital account or from any of its other accounts—

(1) to advance capital to associations in its district as provided in section 408;

(2) to advance funds to private financial investment institutions as described in section 504; and

(3) to make direct long-term loans to small-business concerns as provided in section 503.

#### *Examinations and reports*

SEC. 307. The Board shall from time to time require that examinations and reports be made (by the General Accounting Office) of the condition of all banks established under this title, and shall publish consolidated statements of the results thereof.

### TITLE IV—ORGANIZATION OF SMALL BUSINESS INVESTMENT ASSOCIATIONS

#### *Organization of associations*

SEC. 401. Corporations to be known as small business investment associations may be organized by small-business concerns desiring to take advantage of the provisions of this act. Not less than 25 such concerns shall be required to subscribe the articles of incorporation in order to form an association. One association may be organized in each State, but in no case shall more than 1 association be organized in any 1 trading area. Each association shall comply with all of the terms and conditions of this title, and shall be incorporated under the law of the State in which it is located.

#### *Objectives*

SEC. 402. Each association shall be organized to operate as a regulated closed-end investment company designed to provide necessary equity capital to small-business concerns within a particular community or trading area, and for such purpose it would be authorized—

(1) to raise capital in order to serve as a joint enterprise for the benefit of its stockholders as proprietors;

(2) to invest (and manage the investment of) the capital of its stockholder-proprietors in carefully selected enterprises with profit and growth potential;

(3) to furnish both management and investment counsel to those selected enterprises where needed; and

(4) to provide its stockholder-proprietors with specific and general investment information and objectives.

#### *Articles of incorporation*

SEC. 403. (a) The articles of incorporation of each association shall specify in general terms the objects for which the association is formed, the name assumed by the association, the area or areas where its operations are to be carried on, the place where its principal office is to be located, and the amount and classes of its capital stock. Such articles may also contain any other provisions, not inconsistent with the provisions of this act, which the association may deem it advisable to adopt for the regulation of its business and the conduct of its affairs, including provision for cumulative voting in the election of directors. Such articles and any amendments thereto adopted from time to time, shall be subject to the approval of the Board as provided in subsection (b).

(b) The articles of incorporation of each proposed association shall be forwarded to the Board for its consideration and approval or disapproval. In determining whether to approve the organization of the association and its proposed articles of incorporation, the Board shall give due regard, among other things, to the need for the financing of independent small-business concerns in the area in which the proposed association is to commence business, the general character of the proposed management of the association, and the number and volume of operations of other associations previously organized in the United States and in the region where the proposed association would be located. After consideration of all relevant factors, the Board may in its discretion approve the articles of incorporation and issue to the association a permit to begin business.

(c) Upon issuance to any association of a permit to begin business as provided in subsection (b), such association shall become and be a body corporate and as such, and in the name designated in its articles of incorporation, shall have power—

(1) to adopt and use a corporate seal;

(2) to have succession until dissolved by the vote of its shareholders owning two-thirds of its voting stock, or by act of Con-

gress, or in the manner provided in section 414;

(3) to make contracts;

(4) to sue and be sued, complain and defend, in any court of law or equity;

(5) by its board of directors, to appoint such officers and employees as may be deemed proper, define their authority and duties, fix their compensation in cases where such compensation is approved by the Board as provided in section 404 (f), require bonds of such of them as it deems advisable and fix the penalty thereof, and dismiss any of such officers and employees at pleasure and appoint others to fill their places;

(6) to adopt bylaws regulating the manner in which its stock shall be transferred, its officers and employees appointed, its property transferred, and the privileges granted to it by law exercised and enjoyed;

(7) to establish branch offices or agencies, subject to the approval of the Board;

(8) to acquire, hold, operate, and dispose of any property (real, personal, or mixed), whenever necessary or appropriate in carrying out its lawful functions;

(9) to operate in such area or areas as may be specified in its articles of incorporation and approved by the Board; and

(10) to exercise all of the powers set forth in this act, and such other incidental powers as may be reasonably necessary to carry on the business for which the association is organized.

#### *Board of directors*

SEC. 404. (a) Each association shall have a board of directors consisting of 7 members, chosen as provided in this section, who shall serve for concurrent terms of 2 years each.

(b) The seven directors of any association who first take office after the approval of such association's articles of incorporation shall be appointed by the board of directors of the small-business capital bank for the district in which the association is located.

(c) At the expiration of the 2-year term of the directors appointed under subsection (b), and every 2 years thereafter, the directors of the association shall be chosen as follows: 5 shall be elected by majority vote of the stockholders of the association, and 2 shall be appointed by the board of directors of the small-business capital bank for the district in which the association is located.

(d) Any vacancy that may occur in the board of directors of an association through death, resignation, or other cause shall be filled in the same manner as in the case of the original election or appointment, and the new director thus chosen shall serve out the unexpired portion of the term. Until such election or appointment of a new director, the remaining directors shall have power to fill the vacancy for the time being by appointing a temporary director to serve until the next meeting of the stockholders, or until the bank for the district can act, as the case may be. All directors shall hold office until their successors are chosen and have qualified.

(e) The board of directors of each association shall from time to time elect a president and vice president from among its number.

(f) The directors of any association, and all officers thereof except the secretary-treasurer, shall serve as such without compensation unless the payment of salaries to them is approved by the Board. All directors and officers except the secretary-treasurer shall, during their term of office, be bona fide residents of the area within which the association is authorized to do business and shall be stockholders of the association.

#### *Secretary-treasurer*

SEC. 405. (a) The board of directors of each association shall choose, in such manner as may be deemed appropriate, a secretary-treasurer, who shall receive such com-

pensation for his services as such as the board of directors shall determine.

(b) It shall be the duty of the secretary-treasurer of each association to act as custodian of its funds and to deposit such funds in such bank as the board of directors may designate. He shall also be the custodian of its securities, records, papers, and certificates of stock, and all documents relating to, or bearing upon, the conduct of its affairs. He shall furnish a suitable surety bond to be prescribed and approved by the Board for the proper performance of his duties under this act, which shall cover prompt collection and transmission of funds. He shall make reports to the Board as required by it upon forms to be provided for that purpose. Upon request of the Board he shall furnish information regarding the condition of the association for which he is acting, and he shall carry out all duly authorized orders of the Board.

#### *Payment of expenses and salaries*

Sec. 406. The reasonable expenses of the secretary-treasurer of any association and his salary, and the reasonable expenses of the other officers and agents of the association (and their salaries when payable as provided in section 404 (f)), shall be paid from the general funds of the association, and the board of directors of the association is authorized to set aside such sums as it deems requisite for that purpose and for other expenses of the association. When no such funds are available, the board of directors may levy an assessment on the members of the association in proportion to the amount of the stock of the association held by each, which may be repaid as soon as funds are available, or it may secure an advance from the bank of its district, to be repaid with interest at the rate of 6 percent a year, from dividends belonging to the association. Each bank is authorized to make such advances and to deduct such repayments.

#### *Capital stock*

Sec. 407. (a) Each association shall have a paid-in capital and surplus equal to at least \$500,000 before it may commence business. In order to facilitate the formation of such associations, each small business capital bank is authorized and directed, notwithstanding any other provision of law, to invest in the shares of stock of one or more associations, investing at least \$250,000 in the shares of stock of each such association, but with a view to the ultimate disposal of such stock to private investors described in subsection (b).

(b) The shares of stock in any association shall be eligible at any time for purchase by any small-business concern located and doing business in the trading area in which such association is located.

(c) The aggregate amount of shares in any association or associations which may be owned or controlled by any stockholder, or by any group or class of stockholders, may be limited by the Board; and no one stockholder, other than a small business capital bank, shall at any time, own or control more than 10 percent of the total outstanding shares of any such association.

#### *Borrowing power*

Sec. 408. (a) Each association shall have authority to borrow money from the bank of its district and to issue therefor its debentures, bonds, promissory notes, or other obligations under such general conditions and subject to such limitations and regulations as the Board may prescribe.

(b) In addition to the borrowing authority provided by subsection (a), each association shall have authority to obtain funds from the bank of its district through the sale to such bank of its debenture bonds, which shall—

(1) bear interest at such rate, and contain such other terms, as such bank may fix with the approval of the Board;

(2) be callable on any interest payment date, upon 3 months' notice, at par plus accrued interest; and

(3) be convertible on any interest payment date prior to retirement or maturity, at the option of such bank, into stock of the association at the rate of 1 share of \$50 par value common stock and 1 share of \$50 par value 7 percent preferred stock for each \$100 (or fraction thereof) of the face value of the debenture bond or bonds converted; and the right of conversion may be exercised by the bank with respect to any one or more debenture bonds without exercising such right with respect to other such bonds held by it.

(c) Each association shall also have authority to obtain funds from the bank of its district by transferring or obligating to such bank, under a proper power of attorney, its interest in and to any income debenture bonds or other bonds, mortgages, promissory notes, preferred stock or other capital shares of business enterprises, or other obligations or securities acquired and held by it in the performance of its functions under this act.

#### *Investment by associations in stock of banks*

Sec. 409. Whenever a bank advances funds to an association under this act, such association shall be required to become a stockholder-proprietor of the bank by investing in the capital stock of the bank in an amount equal to 5 percent of the amount of the funds so advanced.

#### *Use of services of public agencies and private financial institutions*

Sec. 410. (a) Each association may make use of advisory services of departments and agencies of the Federal Government which are available for and useful to industrial and commercial businesses, and may provide small-business concerns with consulting and advisory services on a fee basis and have on its staff persons competent to provide such services.

(b) When practicable the operations of an association may be undertaken in cooperation with commercial banks and other private financial institutions, and any investigations or other activities required in connection with its operations under this act may under regulations of the Board be handled through such institutions on a fee basis.

#### *Disposition of funds held by associations*

Sec. 411. (a) Subject to the supervision and direction of the Board, any small business capital bank is authorized to act as a depository or fiscal agent for any association.

(b) Any association may invest funds not reasonably needed for its current operations in direct obligations of, or obligations guaranteed as to principal and interest by, the United States.

#### *Examinations*

Sec. 412. Each association shall be subject to examinations made under the direction of the Board by examiners selected or approved by the Board; and the cost of such examinations, including the compensation of the examiners, may in the discretion of the Board be assessed against the association examined and when so assessed shall be paid by such association.

#### *Reports*

Sec. 413. Each association shall make such reports to the Board, at such times and in such form, as the Board may require.

#### *Dissolution*

Sec. 414. Should any association violate or fail to comply with any of the provisions of this act or of regulations prescribed hereunder by the Board, it may be dissolved and all of its rights and privileges forfeited. Be-

fore any association shall be declared dissolved and its rights and privileges forfeited, however, the noncompliance with or violation of this act shall be determined and adjudged by a court of the United States of competent jurisdiction in a suit brought for that purpose by the United States at the instance of the Board or the Attorney General in the district in which the association is located.

#### *Disclaimer of United States liability on association obligations and securities*

Sec. 415. Nothing in this act or in any other provision of law shall be deemed to impose any liability on the United States, or on the Board or any small business capital bank, with respect to any obligations entered into or securities issued by an association.

#### *Exemptions for association securities*

Sec. 416. (a) Section 3 of the Securities Act of 1933 (15 U. S. C., sec. 77c) is amended by adding at the end thereof the following new subsection:

"(c) The Commission may from time to time by its rules and regulations, and subject to such terms and conditions as may be prescribed therein, add to the securities exempted as provided in this section any class of securities issued by a small-business investment association under the Small Business Capital Bank Act if it finds, having regard for the purposes of that act, that the enforcement of this act with respect to such securities is not necessary in the public interest and for the protection of investors."

(b) Section 304 of the Trust Indenture Act of 1939 (15 U. S. C., sec. 77ddd) is amended by adding at the end thereof the following new subsection:

"(e) The Commission may from time to time by its rules and regulations, and subject to such terms and conditions as may be prescribed therein, add to the securities exempted as provided in this section any class of securities issued by a small-business investment association under the Small Business Capital Bank Act if it finds, having regard to the purposes of that act, that the enforcement of this act with respect to such securities is not necessary in the public interest and for the protection of investors."

#### *Liability of associations for Federal income tax*

Sec. 417. (a) Section 851 (a) of the Internal Revenue Code of 1954 (relating to general rule for definition of regulated investment company) is amended by striking out the period at the end of paragraph (2) and inserting in lieu thereof ", or ", and by adding after paragraph (2) the following new paragraph:

"(3) which is a small-business investment association organized under title IV of the Small Business Capital Bank Act."

(b) Section 851 (b) (2) of such code (relating to limitations applicable to definition of regulated investment company) is amended by inserting after "90 percent" the following: "(75 percent in the case of a corporation described in subsection (a) (3))."

(c) (1) The heading of section 851 (e) of such code (relating to investment companies furnishing capital to development corporations) is amended by inserting "or to small-business concerns" after "development corporations."

(2) Paragraph (1) of such section 851 (e) is amended by inserting after "generally available," the following: "or if such investment company is a small business investment association which was organized under title IV of the Small Business Capital Bank Act and which has not been exempted under subsection (f) from the limitations of subsection (b) (4)."

(3) The heading of paragraph (3) of such section 851 (e) is amended by inserting "in the case of companies furnishing capital to development corporations" after "status."



(d) Section 851 of such code is further amended by adding at the end thereof the following new subsection:

"(f) Exemption of small business investment associations from limitations of subsection (b) (4): If the Small Business Capital Bank Board determines that it is necessary and appropriate to the accomplishment of the purposes of the Small Business Capital Bank Act that any or all of the small business investment associations formed under title IV of such act be exempt from the requirements of subsection (b) (4) of this act, it shall certify such determination to the Secretary or his delegate and, in such event, the limitations prescribed in subsection (b) (4) shall not apply to such association or associations."

(e) (1) Section 852 (a) of such code (relating to requirements applicable to taxation of regulated investment companies) is amended by adding at the end thereof the following: "The investment company taxable income of a regulated investment company which is a small business investment association organized under title IV of the Small Business Capital Bank Act shall, for purposes of paragraph (1), be increased by the amounts described in subsection (d) (3) (D) and decreased by the amounts described in subsection (d) (5) (B)."

(2) Section 852 of such code is further amended by adding at the end thereof the following new subsection:

"(d) Small business investment association reserve.—

"(1) Reserve generally: A regulated investment company which is a small business investment association formed under title IV of the Small Business Capital Bank Act may, under regulations prescribed by the Secretary or his delegate, establish and maintain a reserve subject to the limitations provided in this subsection.

"(2) Limitation on reserve: The amount of the reserve shall not at any time exceed the lesser of—

"(A) 50 percent of the invested capital of the company as defined in paragraph (7), or

"(B) the accumulated earnings and profits determined as of the close of the taxable year.

"(3) Charges to reserve: The reserve shall be charged as of the end of the taxable year (whether or not such charge produces a minus amount in the reserve) with the following:

"(A) the net capital loss for the taxable year (as defined in section 1222 (10));

"(B) the net operating loss for the taxable year (as defined in section 172 (c));

"(C) the Federal income taxes attributable to the amount added to the reserve under paragraph (5); and

"(D) such amount as may be necessary by reason of the limitation provided in paragraph (2).

"(4) Mandatory additions to the reserve: There shall be added to the reserve as of the close of the taxable year the following:

"(A) an amount equal to the excess of the net capital gain for the taxable year computed without regard to section 1212 (relating to capital loss carryover) over the net capital gain for the taxable year; and

"(B) an amount equal to the excess of the taxable income for the taxable year computed without regard to section 172 (relating to the net operating loss deduction) over the taxable income for the taxable year.

"(5) Discretionary addition to the reserve: In any year in which an amount (other than the amount described in paragraph (4)) is added to the reserve, the company shall, in the computation of its investment company taxable income be allowed—

"(A) a deduction equal to such amount of the addition to the reserve as does not cause the aggregate amount of the reserve (including such addition) to exceed 20 percent

of the invested capital of the company as defined in paragraph (7); and

"(B) the deduction for dividends received provided in section 243 but such deduction shall not exceed 85 percent of the portion of amounts added to the reserve under this paragraph which is not deductible from investment company taxable income under subparagraph (A).

"(6) Reduction of termination of reserve: In the event of a reduction or termination of the reserve in connection with a partial or complete liquidation of the company (or of any company to which the reserve has been transferred in an exchange upon which gain was not recognized by reason of any provision of this subtitle), the gain realized by a stockholder upon any such liquidation shall, to the extent of the pro rata share of the reserve, be considered as a gain from the sale or exchange of property held for less than 6 months.

"(7) Invested capital: For purposes of paragraph (2), the term 'invested capital' means the sum, determined as of the close of the taxable year, of—

"(A) the amount of money or property (included in an amount equal to its unadjusted basis without regard to the value of the property as of March 1, 1913, except that if such basis is a substituted basis, it shall be adjusted, with respect to the period before the property was paid in, by an amount equal to adjustments proper under section 312 (f) for determining earnings and profits) previously paid in for stock, or as paid-in surplus or as a contribution to capital, reduced by the amount of distributions not out of earnings and profits in the year of distribution and not out of accumulated earnings and profits; and

"(B) the amount of the outstanding indebtedness (not including interest) of the company which is evidenced by a bond, note, bill of exchange, debenture, certificate of indebtedness, mortgage, or deed of trust, except that indebtedness not represented by a bond or debenture shall not be included in excess of an amount equal to the average daily amount of indebtedness not so represented which was outstanding during the taxable year."

(f) The amendments made by this section shall apply only with respect to taxable years ending on or after December 31, 1958.

#### State and local taxation of associations

Sec. 418. Each association, including its franchise, capital, reserves, and surplus, its income, its real property, its tangible and intangible personal property, and its obligations (both as to principal and income derived therefrom), shall be subject to taxation, in the same manner and to the same extent as a State-chartered institution of similar character, by any State, county, municipality, or local taxing authority; and its real property shall be subject to special assessments for local improvements.

#### TITLE V—PROVISION OF ASSISTANCE TO SMALL-BUSINESS CONCERNS

##### Standards of eligibility for assistance

Sec. 501. The Board shall promulgate standards to determine the eligibility of small-business concerns for the assistance provided by this act. In promulgating such standards, which may differ according to the type of assistance involved and any other relevant factors, the Board shall give consideration to—

(1) the need to promote the development and growth of small-business concerns so as to enable them to make their maximum contribution to productive investment and employment and to the economic stability and growth of the Nation;

(2) the need to make capital for such concerns more readily available in adequate amounts and on reasonable terms;

(3) the need to facilitate maximum participation of private financial institutions

and investors in financing these concerns; and

(4) the need to supplement the existing facilities of banks and other private financial institutions through the program of assistance provided under this act.

#### Provision of equity capital for small-business concerns

Sec. 502. (a) It shall be the primary function of each small business investment association to provide a source of needed equity capital for incorporated small-business concerns which are located within its district, and which meet the standards of eligibility promulgated by the Board under section 501, by advancing funds to such concerns in the manner and subject to the conditions described in this section.

(b) Funds shall be advanced by an association to a small-business concern only through the purchase of debenture bonds (of such concern) which shall—

(1) bear interest at such rate, and contain such other terms, as such association may fix with the approval of the Board;

(2) be callable on any interest payment date, upon 3 months' notice, at par plus accrued interest; and

(3) be convertible on any interest payment date prior to maturity (unless previously called), at the option of the association, into stock of such concern at the rate of 1 share of \$50 par value common stock and 1 share of \$50 par value 7 percent preferred stock for each \$100 (or fraction thereof) of the face value of the debenture bond or bonds converted; and the right of conversion may be exercised by the association with respect to any one or more debenture bonds without exercising such right with respect to other such bonds of the same concern held by the association.

(c) Before any funds are advanced by an association to a small-business concern under this section—

(1) the association may require such concern to refinance any or all of its outstanding indebtedness so that the association is the only holder of any evidence of indebtedness of such concern; and

(2) such concern shall agree that it will not thereafter incur any indebtedness without first securing the approval of the association and giving the association the first opportunity to finance such indebtedness.

(d) Without the approval of the Board, the aggregate amount of obligations and securities of any one small business concern which may be acquired and held by an association at any one time shall not exceed whichever of the following is the larger:

(1) \$1 million; or

(2) 33⅓ percent of the combined capital and surplus of the association.

(e) Whenever an association advances funds to a small-business concern under this section, such concern shall be required to become a stockholder-proprietor of the association by investing in the capital stock of the association in an amount equal to 5 percent of the amount of the funds so advanced.

#### Long-term loans to small-business concerns

Sec. 503. (a) Each bank is authorized to make loans, in the manner and subject to the conditions described in this section, to incorporated and unincorporated small-business concerns which are located in its district, and which meet the standards of eligibility promulgated by the Board under section 501, in order to provide such concerns with funds needed for sound financing, growth, modernization, and expansion.

(b) Loans made under this section may be made directly, or in cooperation with commercial lending institutions through agreements to participate on an immediate or deferred basis.

(c) No financial assistance shall be extended under this subsection unless the fi-

financial assistance needed is not otherwise available to the small-business concern on reasonable terms. No immediate participation may be purchased unless it is shown that a deferred participation is not available; and no direct loan may be made unless it is shown that a participation is not available. Any participation by a bank on a deferred basis shall not be in excess of 90 percent of the balance of the loan outstanding at the time of disbursement by the bank.

(d) The rate of interest for the bank's share of any loan made under this section shall be no more than 5 percent per annum, and shall not be more than the rate prevailing within the district where the bank is located if such prevailing rate (at the time of disbursement by the bank) is less than 5 percent per annum.

(e) Loans made under this section shall have a maturity not exceeding 30 years; except that a loan made under this section for the purpose of construction, conversion, or expansion of facilities may have a maturity of 30 years plus such additional period as is estimated by the bank making the loan to be required to complete such construction, conversion, or expansion.

(f) All loans made under this section shall be of such sound value, or so secured, as reasonably to assure repayment.

(g) Any bank which has made a loan to a small-business concern under this section is authorized to extend the maturity of or renew such loan for additional periods not exceeding 10 years if the bank finds that such extension or renewal will aid in the orderly liquidation of such loan.

#### *Assistance through private investment companies and State and local development corporations*

SEC. 504. (a) In addition to providing financial assistance for small-business concerns by advancing funds to associations and making long-term loans to such concerns as otherwise provided in this act, each bank, subject to regulations of the Board, is authorized to advance funds to investment companies (both open-end and closed-end) in its district which are in existence on the date of the enactment of this act, and to State and local development corporations in its district whether in existence on such date or formed after such date, on condition that such funds be used only to supply equity capital to small-business concerns in such district in a manner which will assist in carrying out the purpose of this act. Any funds advanced to a financial institution under this subsection shall be in exchange for convertible debenture bonds of such institution having the same terms and conditions as the debenture bonds of associations described in section 408 (b), and funds may be so advanced without regard to the use and investment by such institution of funds secured by it from other sources.

(b) Whenever a bank advances funds to a financial institution under subsection (a), such institution shall be required to become a stockholder-proprietor of such bank by investing in the capital stock of such bank in an amount equal to 5 percent of the amount of the funds so advanced.

(c) A bank may acquire and hold stock in one or more financial institutions through conversion of the debenture bonds of such institutions under subsection (a), and a financial institution may acquire and hold stock of a bank under subsection (b), without regard to any limitation (in section 12 of the Investment Company Act of 1940 or in any other law of the United States) upon the right of such bank or institution to acquire and hold such stock or the amount of such stock which may be so acquired and held.

(d) As used in subsection (a)—

(1) the term "investment companies" means investment companies as defined in

section 3 of the Investment Company Act of 1940 which are subject to the provisions of that act; and

(2) the term "State and local development corporations" means enterprises incorporated under State law for the primary purpose of promoting and assisting the growth and development of small business concerns in the areas covered by their operations.

#### TITLE VI—MISCELLANEOUS

##### *Criminal penalties*

SEC. 601. (a) The first paragraph of section 217 of title 18, United States Code, is amended by inserting after "farm credit examiner," the following: "or of any small business capital bank or small business investment association."

(b) Section 218 of such title is amended by inserting after "National Agricultural Credit Corporations," the following: "or an examiner of small business capital banks or small business investment associations."

(c) (1) The first paragraph of section 221 of such title is amended by inserting after "United States," the following: "or a small business investment association or small business capital bank."

(2) The second paragraph of such section 221 is amended by inserting after "Congress," the following: "or any small business capital bank or small business investment association."

(3) The heading of such section 221 is amended by striking out "farm loan or land bank" and inserting in lieu thereof "farm loan, land bank, or small business."

(4) The table of sections for chapter 11 of such title 18 is amended by striking out "farm loan or land bank" in the reference to section 221 and inserting in lieu thereof "farm loan, land bank, or small business."

(d) Section 657 of such title is amended by inserting after "Federal Savings and Loan Insurance Corporation," the following: "or any small business capital bank or small business investment association."

(e) Section 1006 of such title is amended by inserting after "Federal Savings and Loan Insurance Corporation," the following: "or any small business capital bank or small business investment association."

(f) Section 1014 of such title is amended by inserting after "a Federal Reserve bank," the following: "or of a small business capital bank or a small business investment association."

##### *Injunctive relief*

SEC. 602. Whenever in the judgment of the Board any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this act or of any regulation prescribed by the Board under this act, the Board may make application to the proper district court of the United States, or the United States court of any Territory or other place subject to the jurisdiction of the United States, for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and such courts shall have jurisdiction of such actions and upon a showing by the Board that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

#### ALCOHOLIC BEVERAGE ADVERTISING

The SPEAKER pro tempore. Under previous order of the House, the gentleman from California [Mr. KING] is recognized for 5 minutes.

Mr. KING. Mr. Speaker, today I am presenting a petition from my constituency protesting the advertising of alcoholic beverages. This petition was submitted by Mrs. Della Painter, of 1215 South Grevillea Avenue, Inglewood, Calif., and was signed by 80 constituents of the 17th Congressional District of California. The petition and signatures follow:

#### PETITION

To Congressman CECIL R. KING:

We, the citizens of the 17th District of California, again urge your support to remove the advertising of alcoholic beverages from our homes:

Mrs. Jennie L. Helmick, Mrs. Mildred E. Crocker, Mrs. Fern D. Veitch, Mrs. Bertha G. Hollister, Mrs. Maude E. Denning, Mrs. Florence M. Richardson, Mrs. Rhea E. Kellett, Mrs. Myrtle M. Toothaker, Mrs. Elizabeth Pryor, Mrs. Beverly Wade, Mrs. Ruth Fones, Mrs. Mary I. Jones, Mrs. Charlotte E. Kellett, Inglewood, Calif.; Mrs. Edith S. Kettering, Lawndale, Calif.; Mrs. Alice J. Jones, Mrs. Marjorie R. Koehler, Inglewood, Calif.; Bertha G. Lee, Los Angeles, Calif.; Mrs. Olive P. Frickstad, Mrs. Lillie M. Swanson, Inglewood, Calif.; Mrs. Elizabeth Taylor, Los Angeles, Calif.; Mrs. Edith C. Asire, Mrs. Lottie S. Huston, Mrs. M. Hazel Huebner, Edna F. Davisson, Paul G. Huebner, Inglewood, Calif.; W. E. Cartright, Van Nuys, Calif.; Mrs. Hazel N. Klinger, Mrs. Anna M. Horton, Inglewood, Calif.

Albertine Cunningham, Mrs. Edith M. Ockotzki, Mrs. Maybeth H. Baird, Mrs. Pearl K. Frantz, Mrs. Pearl G. Russell, Miss Pearl Precise, Miss Myrtle Precise, Mrs. Martha Jolley, Mrs. Alice A. Hedstrom, Mrs. Irene I. Anderson, Mrs. Alma Niederhauser, Mrs. Myrtle M. Pearce, Mrs. Alma R. Lee, Mrs. Ruth E. Laughlin, Mrs. Ada A. Maloney, Mrs. Beatrice E. Cratz, Mrs. Flo M. Jacobs, Mrs. Bess Gardner Fobes, Henry Stooddy, Mrs. Cora M. Stooddy, Inglewood, Calif.; Mrs. Hazel M. Carter, Redona Beach, Calif.; Miss Margaret Whitlock, Los Angeles, Calif.; Mrs. Dee Ida Moses, Mrs. Sarah S. Young, Mrs. Edith White, Mrs. Lydia Gee, Mrs. Carrie W. Peterson, Mrs. Eleanor Packard, Mrs. Anna M. Garoutte, Mrs. Ethel Montgomery, Mrs. Myrtle Shields, Mrs. Ada M. Golding, Mrs. Bessie S. Robertson, Inglewood, Calif.

Mrs. Anna S. Fine, Mrs. Beulah B. Forsythe, Mrs. Pearl Day, Mrs. Marjorie B. Vaughn, Mrs. Ruth W. Flagg, Mrs. Helen S. Robinson, Mrs. M. Englehart, Mrs. Stella C. Scofield, Mrs. Claudia Lehman, Miss Grace Ethel Morris, Inglewood, Calif.; Mrs. Louis W. Jones, Los Angeles, Calif.; Mrs. Norma E. Bowser, Mrs. Margaret M. Manor, Mrs. Laura Rosenbrook, Inglewood, Calif.; Mrs. Corda Depew, Mrs. Irene Dalley, Los Angeles, Calif.; Adella M. Boetel, Catherine Repass, Bertha E. Bland, and Louise C. Johnsen, Inglewood, Calif.

#### RELIEF OF RAIN-DRENCHED AREAS OF THE COUNTRY

Mr. GATHINGS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. GATHINGS. Mr. Speaker, there are two bills that would be most desirable and necessary in arranging relief to the rain-drenched areas of the country should they be enacted. The first one that I would refer to is the Senate bill which would amend the Small Business Administration Act by authorizing loans



to business establishments in areas adversely affected by excessive rainfall. The SBA Act now provides that these loans may be made in drought-stricken areas. We seek to broaden this act. The other legislation would provide for refinancing debts incurred by farmers in 1957 which were caused by heavy and almost unprecedented rainfall during that year.

The disastrous crop year of 1957 has played havoc with farmers and business alike over a wide area. The crops were cut from 40 to 50 percent or more in many instances. As a result these producers were unable to pay their crop production loans and other obligations including such items as tractor fuel, repairs, fertilizers, food, and payments due on farm equipment as well as many others.

The general economy of the Nation is feeling the impact of this calamity. As a result there is a great loss in tax revenues to local and Federal Governments. The automobile and truck manufacturers sell less cars and trucks, and fewer employees are required in industry.

The passage of these two proposals will recharge the depressed financial condition now prevailing in the affected areas and would in a great measure stabilize the recession-riddled economy.

These people ask no gifts—they only ask us to accord them an opportunity to continue in business—they want credits over a period of time that is not now available to them from existing private sources. Emergency loans made by Farmers' Home Administration in past years have been successful loans, 95 percent or more have been collected—I hope early action will be taken on these meritorious proposals.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ROBERTS (at the request of Mr. RAINS), for the remainder of the week, on account of illness in the family.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. POWELL (at the request of Mr. ALBERT), for 60 minutes, today.

Mr. KING (at the request of Mr. NATCHER), 5 minutes, on today, to revise and extend his remarks and to include extraneous matter.

#### EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mrs. KEE.

Mr. MCGOVERN and to include related matter.

Mr. EBERHARTER (at the request of Mr. ALBERT).

Mr. KING (at the request of Mr. ALBERT).

Mr. MAY (at the request of Mr. UTT) and to include extraneous matter.

Mr. MULDER and to include extraneous matter; Mr. THOMPSON of New Jersey and to include extraneous matter (at the request of Mr. NATCHER).

Mr. EVINS and to include extraneous matter.

Mr. ALGER.

Mr. HESTAND in two instances.

#### ADJOURNMENT

Mr. NATCHER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 23 minutes p. m.), the House adjourned until tomorrow, Thursday, January 30, 1958, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1530. A letter from the Chairman, National Advisory Council on International Monetary and Financial Problems, transmitting a report by the National Advisory Council on International Monetary and Financial Problems on its activities for the period January 1 to June 30, 1957, pursuant to section 4 (b) (5) of the Bretton Woods Agreements Act (H. Doc. No. 319); to the Committee on Foreign Affairs and ordered to be printed.

1531. A letter from the Acting Secretary of the Treasury, transmitting a report covering claims paid during the 6-month period ending December 31, 1957, on account of the correction of military records of Coast Guard personnel, pursuant to title 10, section 1552 (f), United States Code; to the Committee on Armed Services.

1532. A letter from the Administrator, Federal Civil Defense Administration, transmitting the quarterly report of Federal contributions for the quarter ending December 31, 1957, pursuant to the Federal Civil Defense Act of 1950; to the Committee on Armed Services.

1533. A letter from the President, Export-Import Bank of Washington, transmitting a draft of proposed legislation entitled "A bill to increase the lending authority of the Export-Import Bank of Washington, and for other purposes"; to the Committee on Banking and Currency.

1534. A letter from the president, Potomac Electric Power Co., transmitting a copy of a balance sheet of Potomac Electric Power Co. as of December 31, 1957, pursuant to the act of March 4, 1913 (37 Stat. 974); to the Committee on the District of Columbia.

1535. A letter from the Secretary of Health, Education, and Welfare, transmitting the seventh annual report concerning the administration of Public Laws 874 and 815, 81st Congress, as amended, including a detailed statement of receipts and disbursements, for the fiscal year ended June 30, 1957, pursuant to Public Laws 874 and 815 of the 81st Congress; to the Committee on Education and Labor.

1536. A letter from the Chairman, Federal Power Commission, transmitting a copy of a recently issued publication entitled "Statistics of Electric Utilities in the United States, 1956, Privately Owned Companies"; to the Committee on Interstate and Foreign Commerce.

1537. A letter from the Secretary of the Interior, transmitting a report pertaining to the operations of the Department of the Interior during the fiscal year 1957 under the Saline Water Conversion Act of 1952 (Public Law 448, 82d Cong.), as amended; to the Committee on Interior and Insular Affairs.

1538. A letter from the Administrative Assistant Secretary of Agriculture, transmitting a report on positions placed in grades GS-16, 17, and 18 under provisions of law other than section 505 of the Classification Act of 1949, as amended, pursuant to Public Law 854, 84th Congress; to the Committee on Post Office and Civil Service.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FRIEDEL: Committee on House Administration. House Resolution 423. Resolution providing for further expenses of conducting the studies and investigations authorized by rule XI (1) (h) incurred by the Committee on Government Operations; with amendment (Rept. No. 1300). Ordered to be printed.

Mr. FRIEDEL: Committee on House Administration. House Resolution 432. Resolution to provide funds for the Committee on the Judiciary; with amendment (Rept. No. 1301). Ordered to be printed.

Mr. FRIEDEL: Committee on House Administration. House Resolution 434. Resolution authorizing additional expenses for conducting the studies and investigations authorized by House Resolution 56 of the 85th Congress; with amendment (Rept. No. 1302). Ordered to be printed.

Mr. FRIEDEL: Committee on House Administration. House Resolution 438. Resolution to provide funds for the investigations and studies made by the Committee on Veterans' Affairs pursuant to House Resolution 64 and House Resolution 65; without amendment (Rept. No. 1303). Ordered to be printed.

Mr. FRIEDEL: Committee on House Administration. House Resolution 443. Resolution to provide additional funds for the expenses incurred by the House Committee on Banking and Currency in conducting the studies, investigations, and inquiries authorized by House Resolution 86; with amendment (Rept. No. 1304). Ordered to be printed.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PATMAN:

H. R. 10345. A bill to create a Small Business Capital Bank System to make available to small business a source of equity and long-term loan capital where such capital is not available on reasonable terms from existing private sources; to transfer to such System all funds which are presently available under section 13b of the Federal Reserve Act for loans to industrial and commercial firms, together with certain other funds out of the surplus account of the Federal Reserve banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. BONNER:

H. R. 10346. A bill to amend section 716 of the Merchant Marine Act, 1936, as amended (Public Law 848, 84th Cong.), to provide indemnity protection in respect of the nuclear-powered merchant ship, to the Committee on Merchant Marine and Fisheries.

By Mr. BURNS of Hawaii:

H. R. 10347. A bill to amend section 73 (q) of the Hawaiian Organic Act; to approve and ratify Joint Resolution 32, Session Laws of Hawaii, 1957, authorizing the issuance of \$14 million in aviation revenue bonds; to authorize certain land exchanges at Honolulu, Oahu, T. H., for the development of the Honolulu airport complex, and for other

purposes; to the Committee on Interior and Insular Affairs.

By Mr. DURHAM (by request):

H. R. 10348. A bill to amend the Atomic Energy Act of 1954, as amended; to the Joint Committee on Atomic Energy.

By Mr. ENGLE:

H. R. 10349. A bill to authorize the acquisition by exchange of certain properties within Death Valley National Monument, Calif., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mrs. GRIFFITHS:

H. R. 10350. A bill to provide for the conveyance of a portion of the former naval industrial facilities at Centerline, Mich., to the State of Michigan, and for other purposes; to the Committee on Government Operations.

By Mr. HIESTAND:

H. R. 10351. A bill to regulate certain internal affairs of labor organizations by providing processes and procedures for insuring democratic control of such organizations by the rank-and-file membership thereof; to the Committee on Education and Labor.

By Mr. HOLIFIELD:

H. R. 10352. A bill to amend the Atomic Energy Act of 1954, as amended, to provide for outer space development through the peaceful application of atomic energy and for other purposes; to the Joint Committee on Atomic Energy.

By Mr. POFF:

H. R. 10353. A bill to amend section 1461 of title 18 of the United States Code with respect to the mailing of obscene matter, and for other purposes; to the Committee on the Judiciary.

H. R. 10354. A bill to provide a credit against the Federal income tax for additional State and local taxes imposed for school purposes; to the Committee on Ways and Means.

By Mrs. ROGERS of Massachusetts:

H. R. 10355. A bill to prohibit the charging of a fee to view telecasts in private homes; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of Mississippi:

H. R. 10356. A bill to authorize emergency refinancing loans to farmers in disaster areas; to the Committee on Agriculture.

By Mr. TEAGUE of California:

H. R. 10357. A bill to amend title V of the Agricultural Act of 1949, as amended, by

striking out the termination date; to the Committee on Agriculture.

By Mr. DIXON:

H. R. 10358. A bill to amend title V of the Agricultural Act of 1949, as amended, by striking out the termination date; to the Committee on Agriculture.

By Mr. HILL:

H. R. 10359. A bill to amend title V of the Agricultural Act of 1949, as amended, by striking out the termination date; to the Committee on Agriculture.

By Mr. GATHINGS:

H. R. 10360. A bill to amend title V of the Agricultural Act of 1949, as amended, by striking out the termination date; to the Committee on Agriculture.

By Mr. THOMPSON of Texas:

H. R. 10361. A bill to amend title V of the Agricultural Act of 1949, as amended, by striking out the termination date; to the Committee on Agriculture.

By Mr. THOMSON of Wyoming:

H. R. 10362. A bill to amend the Fair Labor Standards Act of 1938 to restrict its application in the case of employees of organizations engaged in brand inspecting in connection with the livestock industry; to the Committee on Education and Labor.

H. R. 10363. A bill to amend sections 2 and 3 of the act of May 19, 1947 (ch. 80, 61 Stat. 102), as amended, relating to the trust funds of the Shoshone and Arapahoe Tribes, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WESTLAND:

H. R. 10364. A bill to amend the Internal Revenue Code of 1954 to provide that an individual may deduct amounts paid for his higher education or for the higher education of any of his dependents; to the Committee on Ways and Means.

By Mr. FULTON:

H. Con. Res. 245. Concurrent resolution to extend greetings of the United States to the Government and people of Israel on the occasion of the 10th anniversary of the independence of Israel, and for other purposes; to the Committee on Foreign Affairs.

By Mr. MILLS:

H. Con. Res. 246. Concurrent resolution authorizing the printing of additional copies of the compendium of papers collected for the Subcommittee on Foreign Trade Policy of the Committee on Ways and Means; to the Committee on House Administration.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. McCORMACK:

H. R. 10365. A bill for the relief of Sheila Anita Daniel (Weekes); to the Committee on the Judiciary.

By Mr. MAY:

H. R. 10366. A bill for the relief of Francisco Slapa and Mrs. Michelina Slapa; to the Committee on the Judiciary.

By Mr. BURNS of Hawaii:

H. R. 10367. A bill for the relief of Josephine Y. Chung; to the Committee on the Judiciary.

## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

367. By Mr. REUSS: Petition of Wisconsin County Boards Association that Congress include in the mileage comprising the National System of Interstate Defense Highways a north-south route connecting the control points of Milwaukee, Wis., and Iron Mountain, Mich., and east-west route connecting the control points of Iron Mountain, Mich., and Superior, Wis.; to the Committee on Public Works.

368. Also, petition of Wisconsin County Boards Association that Congress remove certain limitations concerning the use of force account work under Federal aid secondary fund regulations; to the Committee on Public Works.

369. By the SPEAKER: Petition of the president, Columbia Historical Society, Washington, D. C., petitioning consideration of their resolution with reference to opposing vigorously the proposed extension and alteration of the historic east front of the United States Capitol Building; to the Committee on Public Works.

370. Also, petition of the Lieutenant governor, Hi-Y legislature of the State of Texas, Beaumont, Tex., petitioning consideration of their resolution with reference to requesting the Congress to change the electoral college to the percentage basis; to the Committee on the Judiciary.

## EXTENSIONS OF REMARKS

### Depletion Rate for Coal

#### EXTENSION OF REMARKS

OF

### HON. ELIZABETH KEE

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 29, 1958

Mrs. KEE. Mr. Speaker, I invite your attention to a statement made last week before the House Ways and Means Committee by Mr. Otto Gressens, executive vice president of Peabody Coal Co. and chairman of the National Coal Association tax committee. He urged that the depletion rate for coal be raised from the present 10 percent to at least 15 percent.

The inadequate depletion rate has for a long time hampered the coal industry's expansion program. The first official warning that coal would be called upon to provide a spectacular increase in the Nation's energy supply came from Presi-

dent Truman's Materials Policy Commission in 1952. The report stipulated that by 1977 the demand for coal would reach a level of more than 800 million tons annually—a sharp rise over the 490 million tons produced by America's mines in 1957.

Twenty years is a relatively short time for an extractive industry to prepare itself for an increase in capacity of approximately 60 percent. The program must get under way far in advance of the upward trend in coal demand. The matter of accumulating sufficient capital for the undertaking must, of course, precede the necessary investments in property and mining equipment. To continue to restrain the industry from undertaking this program could well result in a deficiency of fuel resources when they are needed; more than that, such restraint could result in a serious fracture in the mobilization base.

I feel that Congress would be particularly remiss to neglect the coal industry at this time. We must not over-

look any means of providing new vigor for the industry and new hope for its labor force.

Whereas the mineable coal reserves in this Nation amount to well over a trillion tons—enough to last a thousand years at present rates of production—facilities for making this fuel available at places of consumption must be set up if the abundant reserves are to be of service value to us. When all recoverable reserves are taken from a mine, that mine is lost forever as a source of fuel supply. A closed mine provides no jobs and pays no Federal taxes. To open new mines is expensive, so coal companies must put aside enough money to be able to move to new locations when present operations are worked out.

Recognizing that natural resources are exhaustible, Congress adopted the depletion allowance principle to provide the money necessary to develop new properties. Coal has had its 10 percent depletion rate since 1951, but the replacement cost at mines has climbed from \$3



a ton of annual capacity a decade ago to almost \$10 today. This disparity, as pointed out by Mr. Gressens in his testimony last week, is in itself clear evidence that an adjustment is required.

I appeal to this Congress to look favorably upon my request for an increase in the depletion rate. I have this day submitted a statement to the chairman of the Committee on Ways and Means setting forth my views in respect to this important issue. I trust that a recommendation of this nature will be forthcoming from that committee in a very short time.

### Unique Antelope Valley

#### EXTENSION OF REMARKS OF

**HON. EDGAR W. HIESTAND**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 4, 1958

Mr. HIESTAND. Mr. Speaker, a unique development in defense spending comes to light in the operation of an Air Force flight testing and production facility in California. This project, identified as Air Force Plant No. 42, is located at Palmdale in Los Angeles County just 60 miles north of the city of Los Angeles in the vast booming Antelope Valley.

In this unique project the Department of Defense has provided a jet aircraft center—a bargain from the taxpayers' point of view.

In this unique example of organizational ingenuity, the Department of Defense has brought together large, highly competitive aircraft-manufacturing companies: Convair, Lockheed, North American, Northrop and soon Douglas—to make use of flight-testing facilities on a joint occupancy basis resulting in savings of millions of dollars.

A unique management team: a committee of Defense Department and aircraft company personnel establish operating procedures for a single installation, thus insuring maximum utilization of expensive facilities which otherwise might have to be quadrupled.

This unique location in the great Antelope Valley, surrounded by desert and mountains, conforms to security defense standards and dispersal policies.

Unique weather conditions permit an average of 360 flying days a year, free of smog, fog, and overcast.

Uniquely designed for efficiency and maximum use, Air Force Plant No. 42 at Palmdale is self-contained, complete with utilities independent of any municipal system.

Unique planning, in cooperation with local civic leaders, assures safety and favorable community relations. A mile wide buffer strip surrounds the airport, zoned to permit complementary industrial development but to exclude high density commercial and residential buildup.

Unique in its airfield equipment, scientifically designed buildings, and runways more than 2 miles long, Air Force Plant

No. 42 at Palmdale is the last word in efficiency in flight testing and assembling jet aircraft.

Unique in its location close to the great Edwards Air Force Base with its vast dry lakes, its equipment and scientific experimental facilities and relative convenience to the great airframe and parts factories of southern California, it is also convenient to the extensive scientific centers like Caltech and others. Adequate community facilities and housing at very reasonable costs have been installed together with schools, highway, rail, and air service.

This unique defense installation in the Antelope Valley constitutes a commendable military, industrial, and civic achievement in the interest of national security and is a tribute to the farsighted leaders in all three of these fields who made it possible.

### One Hundred and Ninety-seventh Anniversary of the Birth of Albert Gallatin

#### EXTENSION OF REMARKS OF

**HON. WILLIAM E. PROXMIRE**

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Wednesday, January 29, 1958

Mr. PROXMIRE. Mr. President, today is the 197th anniversary of the birth of that great American statesman of Swiss origin, Albert Gallatin. I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a statement in his honor.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR PROXMIRE

New chapters in the story of America are now being written by our Nation's leading historians, to take into full account the tremendous contributions to the Nation's tradition which came from the hand, the heart, and the mind of Swiss-born Albert Gallatin, one of the noblest of America's adopted sons, whose birthdate we celebrate again on January 29.

Born in 1761, and bred to the aristocratic tradition of ancient Geneva, Gallatin emigrated to the United States in his youth to become a deathless champion of the cause of democratic freedom.

As State legislator, Congressman, Senator, Treasurer of the United States under Jefferson and Madison, and trusted diplomat to the Court of Great Britain and the Republic of France, he lived a life of accomplishment almost without parallel in our history. He was the author and advocate of policies which enhanced America's educational system, which reformed our tax and budgetary policies, which first established America's policy of trade with the friendly nations of the world.

To me, the life of Gallatin has always been symbolic of the special virtues of the Swiss nation from which he sprung—their energy, intelligence, devotion to justice, to public welfare, and to the principles of democratic government. Those were the characteristics that made Albert Gallatin a leading American citizen in the perilous days of the infant Republic. And these are the same characteristics which place our present-day Americans of Swiss descent among the most

useful and valuable citizens which our Nation numbers.

In counting some of the virtues with which nature and circumstance has endowed my home State of Wisconsin, I have always believed my State blessed by the fact that it was one of the favorite settling places for emigrants from Switzerland who came to the United States to seek new homes and new careers. Today, we can count many thousands of these Wisconsin citizens of Swiss descent in the cities of Monroe, New Glarus, Madison, Janesville, Kenosha, Eau Claire, Beloit, and Oshkosh.

### Economic Realities and Administration Optimism

#### EXTENSION OF REMARKS OF

**HON. RICHARD L. NEUBERGER**

OF OREGON

IN THE SENATE OF THE UNITED STATES

Wednesday, January 29, 1958

Mr. NEUBERGER. Mr. President, on January 27 Mrs. Neuberger had the great privilege of introducing our outstanding colleague the senior Senator from Illinois [Mr. DOUGLAS] to the members of the National Women's Democratic Club. In his address, Economic Realities and Administration Optimism, the senior Senator from Illinois provided an insight into our Nation's present and future economy which I feel will be of genuine interest to my fellow Members. As a member of the Joint Economic Committee and a former professor of economics, the Senator from Illinois is uniquely qualified to speak on this vital topic. Therefore, Mr. President, I ask unanimous consent that this significant address by our senior colleague from Illinois be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

#### ECONOMIC REALITIES AND ADMINISTRATION OPTIMISM

(Address by United States Senator PAUL H. DOUGLAS, Democrat, of Illinois, before the National Women's Democratic Club, Monday, January 27, 1958)

Almost precisely 4 years ago, after the administration's statistics showed that the Nation's unemployed had increased by 1½ million from November 1953 to January 1954 to a total, including layoffs, of over 3½ million, and that physical production in manufacturing had fallen by 7 points, I ventured to say that we were in an economic recession. Since the term "economic recession" means a decline in production and employment, this seemed to be only a moderate statement of fact. I was, of course, careful to add that we were not then in a depression, or a severe slump, and I specifically disclaimed any prediction that we would fall into one. I merely said that we should realize that we were in a recession; that we should be alerted to that fact; and that we should take pains to prevent it from turning into a depression.

But mild as this statement was, it threw our Republican friends into a paroxysm of anger. Mr. Leonard Hall, the then chairman of the Republican National Committee, promptly declared that I was a prophet of doom and gloom. Mr. George M. Humphrey became so enamored of this phrase that he used it on almost every occasion.

The then Speaker of the House of Representatives, Mr. JOSEPH MARTIN, went out on the dinner circuit to get some free meals and partaking of the abundant fare provided by the Union League Club of Philadelphia, identified me as one of the four horsemen of the Apocalypse who, as the readers of the Book of Revelation will remember, were to scatter hunger, disease, and war over the world. And so it went all through the winter, spring, and summer, although production fell off by 10 percent.

But while the hatchetmen and smearers were busy out front, the high command was worried, as Robert Donovan has shown in his semiofficial account of the Eisenhower years. The economic generals admitted in private what they denounced in public.

And now we are faced with a somewhat similar situation. Despite Mr. George M. Humphrey's defiant swan song of last summer, we did not do too well under the Republicans. Thus instead of the normal increase in physical production per man hour of something like 3 percent a year, the rise from 1955 to 1956 was only six-tenths of 1 percent. For 1957, the rise over 1956 was only 1½ percent or only one-half the normal rate. All this was noted last year by the keen eye of Leon Keyserling, but was ignored by the official soothsayers for the administration. France, Great Britain, and Germany have all, moreover, made much greater gains than we since 1952.

In other words, American industry for the last 2 years was really traveling on a production plateau, failing to make its customary progress.

But in the last 5 months, trouble has broken out very similar to that which occurred in 1953-54. The physical output of our factories and mines decreased by 9 points and 6 percent between last August and December, while the numbers of unemployed rose by at least 800,000 to a total of 3.4 million. This was the equivalent of 5.2 percent of the working force and if involuntary part time were included, this would raise the percentage of unemployment to well over 6 and probably close to 7 percent.

But this was for December, or a month ago. Since then, as all readers of business and financial journals and all watchers of employment lines know, layoffs and short time have increased. The new automobile models have not really caught on and the auto industry is closing down plants and laying off men for 1 and 2 days a week in what should be its busy season. Steel is down to 56 percent of capacity as compared with 97 percent a year ago at this time and car loadings are 13 percent less now than then. A further drop in production and an appreciable increase in unemployment is almost certain to be shown when the January figures are published.

Indeed, according to the highly conservative journal, *Business Week*, in its issue for January 18, another three-quarters of a million workers have lost their jobs since the middle of December, raising the total number of the unemployed to over 4 million, and lest the Republicans explode with an orgasm of anger over this statement, let them note that it does not come from me but from a weekly which has always been closely identified with them and whose editor and publisher, Elliott V. Bell, is a prize protégé of Thomas E. Dewey. I shall watch with interest to see if Mr. Bell is labeled as a prophet of gloom and doom by his Republican friends.

Such are the sober facts. They should be known and faced because we can never solve any problem as long as those in power deny that it exists.

I suppose that it would again throw the Republicans into a paroxysm, and the administration into a temper tantrum to refer

to the present trend as a recession. But if it is not this, will our Republican friends kindly tell us the term which would best describe what is and has been going on? For me, I know of no better description than that which I gave in 1954, and prior to that in 1949, as well.

And I would add that it is even more important now than it was then to prevent such a decline from turning into a depression. For more people would be affected and the human costs would therefore be even greater than then. Furthermore, Russia's great gains in the field of missiles and propaganda have already produced a great shift amongst our allies in favor of neutralism, and have caused more neutrals to incline toward Russia. An appreciable economic reverse in the United States will further damage our position abroad and this at a time when a further loss will be most serious.

Now I have never believed that we should necessarily always allow these slumps to cure themselves. Sometimes they snowball by setting into play cumulative forces of breakdown which progressively decrease employment, purchasing power, production, investment, all of which create still further unemployment and still less production, and so forth. We cannot treat these movements merely in terms of classical mechanics. They are frequently impetuous processes in which slight initial decreases help to create great ultimate differences.

And yet the Eisenhower administration in characteristic fashion ignores all this and looks at the current situation only through rose-colored glasses. In his economic report submitted a week ago, the President confidently asserted that this slump will be of short duration. He declared that "a considerable adjustment in inventories has already taken place" (p. IV). Businessmen, for example, are not only planning long-range capital investments, but are carrying them out at a high rate. Consumer purchases are continuing at a high level. Interest rates are falling and investment particularly by State and local governments will be stimulated. And at Chicago last week, the President urged his Republican listeners to be determinably optimistic and to stick their chins out. But when one turns to the statistics for the proof of these confident assertions, the supporting evidence is most dubious. Between August and December the much-vaunted liquidation of inventories amounted to only \$400 million or less than one-half of 1 percent of the \$91.3 billion in stock during the summer. Instead of investment for plant and equipment holding up, businesses in November and December expected to reduce this amount in the first quarter of 1958, by a rate of \$2 billion less than during the last quarter of 1957. The indications are that even this figure is being scaled down in practice. And we should not forget that according to the National Industrial Conference Board, the authorizations for new investment by the 1,000 biggest manufacturing companies were 31 percent less during even the third quarter of 1957 than they were during the corresponding quarter of 1956. The Michigan consumers survey has just found that consumers are greatly reducing their plans for future major purchases. Facile optimists of the chins-out school need also to remember that the lamentable decline in per capita farm income which has gone on for the last 5 years shows no signs of improving and that failures by small business are still mounting. It is most interesting to see how from all this the administration extracts the confident belief that purchasing power will be maintained and investments increased.

It is not pleasant to recite these facts. It is much easier for the administration to continue its public Pollyanna attitude and to attack anyone who tries to tell the truth.

But we have just learned from our fiasco with missiles that this is not the best way. In the long run, truth catches up with the Madison Avenue happiness boys even when they wear the disguise of economists.

After working through the budget figures, one finally discovers what the administration is really relying on to obtain a pickup in business. It is by increasing the orders for military hardware during the first half of this year. This is referred to by stating that "at the turn of the year, the economy was beginning to feel the effects of an acceleration of the placement of defense contract awards, prompted by the need to move forward quickly with the programs essential to the strengthening of the Nation's defenses." From an examination of the budget figures, it is clear that from July 1956 to July 1957, the Government ordered and spent about a billion dollars a month on military hardware. Then the team of Humphrey and Wilson, who were more concerned about a balanced budget than about national security, cut this figure in half. George Humphrey, in his testimony of last summer, preened himself on this fact. Rockets, missiles, and aircraft had to bear the burden of this cut. It is now proposed to step up such orders for the first 6 months of 1958 by a billion dollars a month, or to a total of \$1.5 billion for each of 6 months. Then for the year 1958-59, the outlays are to go back to the figures of \$1.0 billion a month which prevailed before the Humphrey-Wilson cuts.

In other words, the administration is aiming at a one-shot stimulus concentrated on defense expenditures. The chin out boys believe they can at once provide for the national defense and ward off a depression by spending in the next 6 months what they improperly cut out during the previous half year, and that this one act of atonement will wash them clean of sin and solve all problems.

It may be that the one-shot stimulus of increased defense expenditures in the first 6 months of 1958 may bring a turn in the direction of the economic movement. We can only hope this will be true. But even if this should happen it would be done at the expense of a well-balanced economy. We could expect to see again a very uneven prosperity like that which we have experienced in the 1955-57 period. While we might see a temporary return to overall economic growth, an increase in the profits of big business, and speculative gains in the stock market, we should also have a continuation of the farm depression, a decline in small-business profits, a further decline in housing and slum clearance, an increase in the cost of living and the cost of credit and money, and a continuation of mergers and other trends toward monopoly and concentration. What we should want to see, therefore, instead of merely an upturn in the gross figures, is an across-the-board prosperity which would not benefit the few at the expense of the many.

There are several interesting implications about official Republican policy which are implicit in this and other administration moves. Despite all its protests, the administration now believes that an increase in Government expenditures, even if accompanied by the risk of a deficit, can have a stimulating and beneficial effect on the economy. What was anathema when advanced by the New Deal is now quietly practiced by the current Republican administration. But apparently the Eisenhower administration's outlays for armaments and possibly for roads are the only respectable forms of economic stimulation which they believe the Federal Government should carry out. Added school construction is being given up. Slum clearance and public housing is to be cut back. Interest rates on REA expansion lines are to be increased and hence discouraged. The prevention of



stream pollution is to be turned back to the States. There are to be no new starts on water projects, although some (although not all) are meritorious.

It is only just to conclude that the administration will not favor capital outlays merely because they will help the people. To pass muster, these projects must also be of direct and immediate aid to the big business interests of the Nation.

This impression is confirmed by other portions of the budget and by the economic program of the President. The administration also proposes to cut greatly the funds available for assistance to the needy, the aged, the blind, the severely crippled, and the dependent children; it is for lower prices and less aid for the farmers; it is, as I have said, for less slum clearance and fewer houses for the poor. Wherever there is any aid being given to the weak and poor, there the administration's economy ax is sharp and swinging, and I have fancied that I could see there a gleam of joy in their eyes.

But the administration is strangely silent about the subsidies given to shipbuilders and ship operators, and to the big silver miners, woolgrowers, and beet-sugar growers of the West. It has not a word to say about the interest-free deposit in the banks of Government money which has frequently risen to over \$4 billion. It passes over in complete silence the unfair tax favors granted to the oil-and-gas industry through the 27½-percent depletion allowance, the favors given to the owners of stocks and bonds, as compared with wages and salaried workers, by not requiring the basic income tax to be deducted at the source and by the dividend credit law of 1954, the abuses in the capital gains tax and in a number of other taxes, all of which give unfair favors to specific groups in the upper income brackets, which are denied to others.

In short, where the wealthy and the powerful are getting direct or indirect subsidies from the Government, there the administration either looks the other way or is their eager defender.

Here, in fact, lies one of the major differences between the Republican and Democratic Parties. Ever since the days of Hamilton, the Republicans and their progenitors, the Whigs and Federalists have believed in using governmental power to help the wealthy and the powerful to gain more wealth and more power. They have assumed that this group would put economic resources to better use than would the middle and lower income groups, and that others should only share in the drippings which might ooze down to them from on high. Andrew Mellon openly proclaimed this in the twenties and Republican tax policy was then based upon it. While in recent years the Republican leadership has not been quite so blatant, it has not changed its policy, nor its spots. Purchasing power, according to them, must only be poured in at the top. The lower and middle income groups must not be helped directly, but only to the degree that those in the seats of the mighty believe to be prudent and, of course, then only as largess from their hands. In these respects, I see no difference between modern and old style Republicanism. The modern team is coming to look like the blood brother of Mark Hanna.

In contrast with this, the Democratic Party from Jefferson to Jackson and from Bryan until today has, in the main, followed a different philosophy. The Government, we have said, should concentrate its efforts in helping the lower and middle income groups, wage earners, farmers, clerks, salaried workers, housewives, and small-business men. They are the ones who most need help while the wealthy, because of their position, are best able to look out for themselves.

There is no question as to which policy is more ethical. It is ours. And similarly

ours will produce a much sounder economy. For the Republican philosophy concentrates almost solely on production and pays little or no attention to consumption. And yet if the goods produced cannot be sold at the prices charged, then we have shutdowns and widespread unemployment. But if we build up consuming power and prosperity through the middle and lower tiers of society, we thereby provide the markets which will keep industry running and will help avoid the periodic shutdowns which have been and are one of the greatest weaknesses in our economy. In helping society as a whole, we help big business itself and indeed protect it from the consequences of its own selfishness and shortsightedness. Whereas the program of our opponents tends to favor only one class and a narrow one at that, we are a party of all classes insisting only on a program to serve the common good.

I suppose that in the back room the Republicans are readying up a tax program which they and their allies will try to put over if conditions get worse. One can already hear the rumblings of what it will be. It will concentrate on tax reduction for the upper income groups, for corporations and for the owners of stocks and bonds. An attempt will be made to sell this to the public on the claim that it will stimulate investment and effort and hence restore prosperity.

In other words, since the unfair tax provisions of the 1954 tax law, the accelerated depreciation, and the other Republican measures helped to overstimulate the capital structure of the country in comparison with consuming power or what could be sold at the prices charged, we are to be given more of the same. To cure the dog, he is to be given a heavier dose of what ails him.

It apparently never seems to enter the heads of our Republican friends that a wiser policy would be to balance consuming power with producing power and thus provide markets for the productive capacity which is available. This could be done by one or both of two methods: (1) Building up the consuming power of the people by appropriate tax revision concentrated on improving the status of the lower and middle income groups, by improving the position of the farmers and by socially necessary public works such as hospitals, schools, and housing for those who most need it, and (2) forcing the monopolies and price rings to reduce their unit prices in order to bring them within reach of the money incomes of the people. It is well to be thinking about these issues during the next few weeks as we watch with close attention what happens to production and employment.

In any event, let us look at both the present and the future fearlessly and realistically without being deluded either by an undue pessimism or a foolish optimism. Sometimes the professional optimists and the hucksters of sugared rose water get us into the most trouble.

## Business and Propaganda

### EXTENSION OF REMARKS

OF

HON. JOHN MARSHALL BUTLER

OF MARYLAND

IN THE SENATE OF THE UNITED STATES

Wednesday, January 29, 1958

Mr. BUTLER. Mr. President, in these days of international, and sometimes domestic, tensions, one frequently has great difficulty in distinguishing propaganda from truth. On more than one occasion, I fear that unprincipled propaganda has been used to accomplish a

special purpose. It was with this thought that I prepared a speech on the subject of business and propaganda, which was delivered on January 16, 1958, in Baltimore, Md., at the Franklin Day dinner of the Graphic Arts Association.

I ask unanimous consent, Mr. President, that this speech be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

#### BUSINESS AND PROPAGANDA

(Speech by Senator JOHN MARSHALL BUTLER, Republican, of Maryland, before the Graphic Arts Association, Franklin Day dinner, Sheraton-Belvedere Hotel, Baltimore, Md., January 16, 1958)

We meet on the eve of the 252d anniversary of the birth of Benjamin Franklin. It is fitting that the Graphic Arts Association should commemorate his birthday.

Benjamin Franklin was a member of your profession. As a youth, he was apprenticed to his brother James, a printer, in Boston. At the age of 26 he was the sole proprietor of his own printing establishment.

His contributions to modern America are too numerous to list in a short address. They include the first public library, the first fire department, and the founding of the University of Pennsylvania.

Franklin was also one of our earliest scientists. Every child has read the story of his experiment drawing electricity from the clouds with his kite. Although he had little formal education, it is estimated that his writings include 30,000 documents.

While Benjamin Franklin engaged in many successful business pursuits and scientific endeavors, he still found the time to assume the burden of public service. He was twice the Governor of Pennsylvania. He was also the first Foreign Service officer of the United States. The Continental Congress entrusted him with the task of negotiating a treaty of amity and commerce with France. That was our country's first diplomatic act.

It is impossible to evaluate the contributions of such a genius whose efforts have contributed so much to the welfare of future generations. In my opinion, his greatest single contribution was his appeal to the Thirteen Colonies to adopt the Constitution of the United States. Although politics had marked his entire career, this plea was his only major political speech. When Benjamin Franklin emerged from Independence Hall after the Constitution had been written, he was asked, "What kind of a government have you given us?" He replied, "A Republic, if you can keep it."

This is the challenge which now faces us. Our Republic is under attack by forces both external and internal. Today we are the temporary guardians of the American heritage we wish to bestow to our children and grandchildren. It is our responsibility to give them the opportunity to live under a republican form of government.

Franklin firmly believed that "Right however opposed becomes right at last." Our citizens are confused by the propaganda which has flooded our land for many years. Your profession has the responsibility to set the record straight. You must assist all of America in securing a better or renewed understanding of the principles underlying our political and economic system so that Franklin's words "Right however opposed becomes right at last" will in truth be a reality in 1958.

Russia's successful launching of sputniks has forced a reexamination of many of our values and beliefs. In my judgment the American people are still able to outthink and outproduce the Russians or anyone else. However, this is no time for either complacency or panic. We must approach our

problems soberly and intelligently. The Russians have demonstrated their ability to master modern science; however, they are not supermen and their temporary lead in the field of rockets can be reversed with unselfish hard work, sacrifice, and patience.

In terms of long-range planning, Russia's scientific progress presents a bold challenge to our educators. Many have responded with suggestions to improve curricula and once more revert to the type of education most of my generation received when we were in school. Others are taking advantage of this new crisis as another excuse merely to demand more Government spending.

When I was in high school, every incentive was given the exceptional student to forge ahead of his fellows. My parents regularly received a report card showing the grades I had attained in the courses which constituted a basic education. They were also apprised of my performance in competition with my classmates. In more recent years our educational system has been greatly influenced by those who profess a belief in so-called progressive education. They regard marks and competitive grades as undemocratic. It is little wonder that our colleges and engineering schools have found it difficult to maintain high professional standards under such conditions.

Sputnik has awakened the American people to the fact that Russian students are well trained and contrary to Communist tenets are provided with every incentive for individual performance. Dr. Barnaby C. Keeney, president of Brown University, recently focused attention on the deficiencies in our secondary education. He said not only could the pace of instruction be accelerated, but the content of the curriculum could be vastly increased. I shall quote directly from his statement:

"But this cannot be done as long as a silly theory of child development continues to force the schools to behave as if admission of failure were worse for the child than pretense of success.

"No matter how little Johnny does or how badly he does it, he will be promoted to the next grade in almost any American school system.

"Another roadblock in the path of educational thoroughness is the attitude of many educators toward the brighter students. In many cases, teachers feel it is 'undemocratic' to give the gifted youngsters greater opportunities by sectioning them in classes according to their ability.

"In fact, if the ablest students in some schools today are allowed to move at the pace of the average student they are lucky. It is far more likely that they will be required to proceed at the pace of the slowest."

Children who have never been allowed to admit failure are lost in a world where science rules. This attitude explains the Nation's frustration over the failure of a single test-firing of our satellite rocket.

Our schools must discharge a further responsibility. Every high-school graduate must have an appreciation of the economic facts of life. Very few Americans would admit a preference for socialism or communism in contrast with American free enterprise. Yet, many citizens do not appreciate the role of profits, investment, and competition in the operation of our economic system. This is not hard to understand when we know that some of our educators are themselves confused about how the American economic system really functions. Recently a questionnaire was submitted to a group of high-school seniors by Opinion Research, an organization skilled in measuring public opinion. Among other questions, they were asked whether they agreed or disagreed with this statement: "The fairest economic system is one that takes from each

according to his ability and gives to each according to his needs." Approximately one-half answered in the affirmative. It is shocking that any high-school graduate would fail to identify this statement as a basic tenet of Marxian Communist philosophy.

In far too many cases some of our citizens have formed opinions about the American economy and the integrity of its leaders from statements by certain labor bosses and political demagogues. Let me make it quite clear I know the vast majority of men and women constituting organized labor are as dedicated to the perpetuation of the free-enterprise system as I am. If right however opposed is to become right at last, you have the responsibility to see to it that all of our citizens are given an opportunity to know the facts and to understand the ultimate consequences of the political decisions they endorse.

Our military security requires a strong domestic economy. We must produce a larger national income in dollars of constant value so that the increased burdens of defense can be borne without reducing the American standard of living. This will require hard work. We cannot afford to continue to generate inflationary pressures. Unions cannot force round after round of wage increases which greatly exceed the increase in the productivity of our economy without jeopardizing our security.

Some people forget that the compensation of employees is not only income to the employee, but also a cost to the employer. It must be recovered in the price charged the consumer or we shall have neither employers nor employees. An examination of the distribution of the increase in the national income through this decade shows that for every additional dollar of corporate profits after taxes, employees receive an additional \$40. Furthermore, labor's share of the total national income rose from 65.3 percent in 1947 to 70.3 percent in 1956. On the other hand, corporate profits after taxes dropped from 9.3 percent of the national income in 1947 to only 6.1 percent in 1956.

If all corporate profits before taxes in 1956 had been paid as additional compensation to employees, their total income would have been increased by less than 18 percent. However, if there were no corporate profits, the Government would have received \$22 billion less from corporate income taxes. With the existing level of Government expenditures, higher personal income and consumer excise taxes would have been required. Since income taxes in the upper brackets have already reached the point of diminishing returns, most of this increase would of necessity have been imposed on lower bracket taxpayers.

Corporate profits as presented by the Department of Commerce do not reflect the fact that depreciation charges in a period of inflation do not provide firms with sufficient cash to replace wornout equipment purchased before inflationary price increases took effect. Hence, most of the retained earnings of American industry have been used to replace wornout facilities rather than to expand them.

Mr. R. C. Tyson, chairman of the finance committee of the United States Steel Corp., in his testimony before the Senate Subcommittee on Antitrust and Monopoly provided further confirmation of the fact that depreciation charges are not providing sufficient cash to replace industry's wornout facilities. He said:

"Few people realize the extent of the deficiency in depreciation. United States Steel has calculated the number of dollars of wear and exhaustion that would have been needed in each year since 1939 to equal in each year's dollars the portion of the buying power originally expended which was used up in the year's production.

"In every year since 1939, the wear and exhaustion recorded—including amounts not allowed for tax purposes as accelerated depreciation for the years 1947-52—failed to equal that needed for recovery of buying power. The 17-year aggregate deficiency was \$904 million. The Federal income tax paid, as a result of treating this deficiency and the accelerated depreciation as income for tax purposes, aggregated \$608 million, or 22 percent of the taxes paid. The \$608 million for United States Steel and analogous amounts for all other companies, big and little, may be regarded as the hidden taxation of capital as it turns over through depreciation or, alternatively, as a hidden increase in the tax rate on true income. From the latter viewpoint it is highly inequitable, because it results in a higher rate for those industries or companies which require relatively heavier investment in longer term facilities than the average for all industry."

In an effort to obscure these facts, Mr. George Meany, president of the AFL-CIO accused the Department of Commerce of understating corporate profits by as much as \$3 billion to \$4 billion. His charge—and his all too clear purpose—was based on provisions in the Revenue Acts of 1950 and 1954 which permit accelerated amortization in an attempt to partially meet the inflationary impact on the replacement of worn-out facilities. This is but another example of propaganda to confuse the American public in understanding the competitive enterprise system. It must be remembered, however, that capital equipment in our heavy industries has a life span ranging from 20 to 50 years. No change in the tax laws effective after 1950 could alleviate the gross underdepreciation resulting from the great inflation which took place during the period between the start of World War II and 1950. Our business enterprises have in effect paid a capital levy in addition to an income tax on their earnings since World War II.

The antitrust laws were adopted to prevent any concentration of power which could restrain the growth and expansion of the economy through price-fixing agreements. In 1914 when the Clayton Act was adopted, labor was granted an exemption from the antitrust laws. Yet, labor costs are the principal factor in determining the prices of all goods and services. For months many labor leaders have criticized manufacturers for raising the price of their products at a time when sales were declining. Yet, in December, with rising unemployment, the leaders of organized labor announced their determination to press for higher wages, shorter hours, and expanded fringe benefits in 1958. If they impose higher costs on industry during such a period, it strongly suggests the presence of monopoly power which the American people have never tolerated.

The Antitrust and Monopoly Subcommittee of the Judiciary Committee of the United States Senate is presently conducting hearings to study so-called administered prices. The term "administered price" implies that the producers in an industry have a large measure of discretion in establishing the price of their products.

Let us examine briefly the principal components of cost for any product.

Today, wages are administered under collective-bargaining agreements and in many industries they will continue to rise under long-term contracts regardless of economic conditions. The prices of purchased materials and services are certainly not administered by the buyer who incorporates them in his product. Transportation costs are controlled by the Interstate Commerce Commission. Even depreciation costs are set by Government regulations. The Congress, State legislatures, and city councils establish tax rates. The small net profit of American industry amounting to only 6.1 percent of



the national income suggests that management has little discretion in establishing its prices.

The subcommittee has announced its intention to review the costs of the three leading automobile producers at a joint meeting with Walter Reuther. In my opinion, such a procedure would constitute a violation of the antitrust laws. It can serve no useful purpose as the basic elements of cost are well known and not subject to administration by any producer. Profits are derived by the skill exercised in combining these cost factors into a product which merits consumer acceptance.

Yet, Walter Reuther's latest proposal to the automobile manufacturers advocates that 50 percent of all profits in excess of 10 percent of invested capital before taxes be shared evenly between workers and consumers. He alleges that, under such a procedure, in 1956 GM workers would have received \$286 million in additional compensation and that consumers of its products would have received a rebate of the same amount. What he failed to say, and this is an important point, was that corporate income taxes for this one firm alone would have been approximately \$300 million less. Obviously, this is more of Mr. Reuther's special brand of economic hogwash—all of which is pointed to an eventual destruction of the free-enterprise system. His statements are propaganda in its most vicious form.

If Mr. Reuther's scheme were universally adopted, the Government would lose between \$4 billion and \$5 billion in revenue. Incredibly, he must now vision himself as an economic dictator representing consumers, stockholders, workers, and citizens alike—in fact he would supplant the Congress of the United States in determining the Government's revenue.

By a strange coincidence, this is the precise formula advocated by Dr. John M. Blair in a book entitled "Seeds of Destruction," a study in the functional weakness of capitalism published in 1938. Curiously, Dr. Blair is today the chief economist for the Anti-trust and Monopoly Subcommittee of the Senate Judiciary Committee.

In recent months I have been increasingly concerned with the fact that this subcommittee has been used as a forum for collective bargaining. The Senate never intended to establish any subcommittee for this purpose. The attacks on corporate profits by labor leaders and by the staff of this subcommittee are propaganda to prepare the American people to accept another round of inflationary wage increases in 1958. It is time for all of us to realize that wage increases which exceed increased productivity must be included in the price of the goods produced.

If we are to preserve a free America, profits must be adequate to induce new investment so that the productivity of our workers can be increased through better tools and methods. Attacks on profits are a disservice to the American economy and the well-being of all our citizens.

In the years ahead, it is obvious that the Federal Government will need the maximum possible tax revenue to finance our defense program. High tax revenues and high tax rates are not necessarily synonymous. The present personal income tax structure includes rates far beyond the point of diminishing returns. Such rates were designed to penalize success rather than to raise revenue. We can no longer afford the luxury of these practices. Our tax structure must be revised to produce the maximum revenue with the least possible deterrent to an ever-expanding economy.

Your profession has a great opportunity and responsibility. You are in a unique position to further the education of all of our people who already believe in the free-

enterprise system on the economic essentials required for its growth and development. The role of profits and incentives in the expansion of capitalism must be more widely understood. Those who wish to substitute some other form of economic system for our free enterprise are experts in the art of propaganda.

Benjamin Franklin in his famous Almanac provided an education on the economic facts of life for the people of his generation. You have but to follow his example. I know that you will rise to the challenge and that your profession in 1958 and the years to follow will contribute to a better public understanding as he did during the trying days when the Thirteen Colonies joined together to form the United States of America.

I know that we can again accept Benjamin Franklin's challenge when he said the Founding Fathers had given us "A Republic, if you can keep it." We shall keep it, and we will bestow the American heritage to future generations.

### Albert Gallatin

#### EXTENSION OF REMARKS OF

### HON. HERMAN P. EBERHARTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 29, 1958

Mr. EBERHARTER. Mr. Speaker, Albert Gallatin, the Swiss-born American statesman who was a bright figure in our Nation's colorful Revolutionary past, is a favorite adopted son of the State of Pennsylvania.

Many Pennsylvanians are convinced that the special qualities of courage, resourcefulness, intelligence and devotion to the democratic cause which he possessed to a high degree, and which distinguished his subsequent career on the stage of national affairs, were nurtured and brought to maturity through his early and fruitful intervention in the affairs of the State of Pennsylvania.

This is why I am especially pleased to pay tribute to Albert Gallatin on this January 29, the 177th anniversary of his birth, and to acknowledge the special debt which the State of Pennsylvania owes to his memory.

Some of the fruits of Gallatin's legislative labors in Pennsylvania are apparent in the bicameral legislature which he fought to place in our State constitution, in our State system of universal, free suffrage; in our State system of free public education; in the sound system of financial accountability which governs the taxes and disbursements of Pennsylvania's government even to the present time.

As Albert Gallatin progressed from State to national affairs he carried with him a keen interest in an expanding system of stable commercial relations with the world, which has always been a characteristic of the industrious and hard-working people of Pennsylvania.

He succeeded in implementing these valuable ideas through a broad system of commercial treaties with foreign lands which he created as President Jefferson's Secretary of Treasury. As Ambassador to both England and France, he again implemented the principle of

cementing sound commercial relations with other nations as the most durable guaranty of international amity and prosperity.

There is unquestionably a lesson in Gallatin's lifelong devotion to foreign relations and to foreign commerce, which we may apply with profit to the conduct of our national affairs today.

In place of the willful neglect and obstructionism which has recently marked the conduct of our foreign relations, we should return to the patient, constructive, cooperative methods of Gallatin. A good place to begin to apply new policies would be in rehabilitating the present gravely deteriorated commercial relations between the United States and Switzerland, the land of Gallatin's birth. When we have proved that we can repair the blunders and mishaps of our semiprotectionist policy toward Switzerland and Swiss watches, we will be better prepared to tell the balance of the world that America is ready to meet the Soviet economic offensive on all fronts, with our fullest resources and our utmost goodwill.

### Fishermen Should Be Awarded the Same Consideration as Farmers With Respect to Declaration of Estimated Income Tax

#### EXTENSION OF REMARKS OF

### HON. CECIL R. KING

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 29, 1958

Mr. KING. Mr. Speaker, fishermen, like farmers, wrest their livelihood from the uncertain elements beyond the control of man. Like the farmer, the fisherman is dependent upon weather conditions which vary widely and unpredictably from year to year. And like the farmer, the fisherman knows tremendous variations in yield and a large number of complete failures in any given period of years.

The Internal Revenue Code today takes cognizance of the problems of the farmer. It accords farmers special treatment with respect to the filing of their declarations of estimated income tax. Thus, at present, taxpayers who obtain at least two-thirds of their estimated gross income from farming activities may defer the declaration and payment of their estimated tax until January 15 following the current taxable year. Taxpayers generally are required to file such declarations on or before April 15 of the current taxable year and make their quarterly payments on or before April 15, June 15, and September 15 of such year, and January 15 of the ensuing year.

In addition, in lieu of paying the amount of estimated tax on January 15 as most other taxpayers, farmers are permitted to defer payment until February 15 if they so desire, and further they may file their final returns in substitution of the payment of estimated tax.

Other taxpayers find this option extends only to January 31 for them.

This completely justified exclusion of farmers from the general rules governing declarations of estimated tax originated in the Current Tax Payment Act of 1943, and takes recognition of the fact that farming income is more uncertain and subject to greater fluctuation than the income of taxpayers generally. In addition, farmers realize relatively small amounts of income before the final months of the year, and accordingly find it difficult to make advance payments in the early part of the year.

Fishermen are subject to precisely the same uncertainties and fluctuations with respect to income and to the same seasonal peaks of income and expense as farmers. Thus, of the 5,200,000,000 pounds of fish caught in 1956, 3,450,000,000 pounds, or 66.4 percent, were caught in the months of June through October. The salmon industry is entirely limited to the months of June, July, August, and September, and in Alaska, which produces a large part of the annual crop, the season lasts for only 1 month. Specific examples of the seasonal nature of the commercial fishing industry can be found in the case of tuna, shrimp, and cod. Thus in the halibut, cod, and perch industry of Massachusetts, 59 percent of the fish taken are taken in the period from June through December, with July, August, and September the peak months.

The menhaden industry accounts for 73 percent of its total catch for the months of June, July, August, and September, and 65 percent of the shrimp taken are taken in the period August through December.

The fishery resources of the United States have been subject to wide fluctuations in abundance and availability. Waters which yield an abundance in 1 year, produce little or nothing in the next, and the amount of a fisherman's income is directly related to the amount of fish he catches. Predictions of income are almost impossible for individual fishermen and for the industry as a whole. Thus, fishermen stand in the same position as farmers and for that reason should be accorded the same consideration with respect to declarations of estimated income tax.

While the internal-revenue laws of the United States already provide for the prevention of hardship by permitting the Commissioner of Internal Revenue to grant extensions of time without charge for interest, nevertheless, few fishermen are equipped to negotiate with the Internal Revenue Service for such extensions of time and often find themselves in difficulty, because they are not aware of their rights and are not in a position, through lack of education or other reasons, to present their cause and make a case with the Commissioner.

It is no answer to the fishermen to state that his case is not unique. The precedent provided in the special treatment for farmers should be extended to fishermen, and to all others as well, whose income is highly seasonal and subject to wide fluctuations in amount. Where hardship exists, equity should be universal.

## Newsletter

### EXTENSION OF REMARKS

OF

### HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 29, 1958

Mr. ALGER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include my newsletter of week ending February 1, 1958.

The newsletter follows:

#### WASHINGTON REPORT

(By Congressman BRUCE ALGER, Fifth District, Texas)

A light legislative week permits a look ahead. Pay TV hearings are concluded before our House Interstate and Foreign Commerce Committee. Two questions confront us: (1) Has the Federal Communications Commission the jurisdiction by statutory authority to permit or ban subscription TV tests, or must Congress act first? (2) Should home pay TV be permitted or denied the viewing public by law?

Arguments for pay TV (oversimplified): (1) Pay TV will be optional to home viewers and will offer added features not available now (first-run movies, top sport events, specialized subjects like opera, education programs like medical operations); (2) Congress (or the FCC as its arm) cannot deny business enterprises the right to try out their new ideas, or deny the public the choice; (3) the present study by the FCC concerns the granting of only test pay TV services to learn more about how it would work and of public acceptance.

Arguments against (also oversimplified): (1) Pay TV will siphon off programs now free—not add new programs—viewers will be forced to pay for what now is received free; (2) pay TV will black out free TV, since each pay channel or program will mean that much less free TV; (3) any test will be incomplete by its very nature, hence comprehensive data will not be obtained; further, once started, it will be an accomplished fact. There would be no return to free TV.

Proponents are those companies who have developed pay systems—Zenith, Telemeter, Skiatron, independent TV stations, and others. Opponents include certain citizen groups and the big TV networks who fear pay TV will automatically eliminate advertising money which now supports free TV. Approximately 35 witnesses, including the FCC and network presidents, have appeared before us. (Overall, the validity of all testimony must yet be established.)

Secretary of State Dulles received some commendation this week when AL BENTLEY, of Michigan, and others stressed the view held by many Congressmen that the United States, as Mr. Dulles is insisting, must be firm in dealing with Russia. The President's letter to Bulganin also states a firm United States position that acts not words of good faith are necessary from Russia before a summit meeting can be considered seriously. Appeasement or just conversation would be most dangerous, yet this course seems to be the desire of certain liberals criticizing the Secretary. Further, they criticize Mr. Dulles' alleged moralistic preachments to other nations. Some of us feel we must keep trying to present our moral concepts, our spiritual motivation, if we are to win world understanding and/or respect over the materialistic and atheistic philosophy of communism. Dollar diplomacy cannot do this. It takes more and more preachment of the moral and spiritual bedrock of belief that underlies this great Nation, and practicing what we preach. When this bedrock weakens, so

shall our Nation weaken. Naturally, we must not convey a patronizing or holier than thou attitude. So, good for Dulles. It is my hope that he and the President will stand firm against Russian blandishments and will stress our beliefs over and over. We cannot trust the Communists. They are not United States friends. They respect only strength. Having broken almost all agreements they've entered, now it will take deeds to deserve any further credence on our part.

The danger of monopolistic power in the hands of labor leaders has been clearly disclosed in Congressional hearings. Violence and intimidation, corruption, racketeering, and abuse of trust and power have been proven. So, what now will be done? Possibly nothing. Steps to be taken to cure the present abuses should include legislation to (1) limit unions' industrywide bargaining to a single employer; (2) abolishing the check-off (enforced collection of union dues and assessments by employer); (3) making unions liable to damages from their own violence (like everyone else); (4) applying antitrust laws to unions; (5) setting limits on initiation fees, dues, and assessments. Actually, the problems should be handled at the State level where State law enforcement should prevail, including the right-to-work laws, if the people so chose them by vote. Yet, it has long passed out of State hands into Federal jurisdiction. There is some possibility that a national right-to-work law will be advanced. The personal freedom of workers must be reestablished. The President's message on additional legislation to provide greater protection for the rights of individual workers, the public, the management, and unions covers the needs well. Now we shall see what legislation is forthcoming and whether Congress will act. I doubt it. Only the people can force it, if they will.

The attack on Dallas I have answered on the floor of the House this week. The RECORD is now straight and others reminded that attacks can boomerang.

### The Government Has Many Cultural Exchange Programs With Other Nations but No Hall in Which To Present Them—The Vice President and District of Columbia Federation of Women's Clubs Support New Plan for National Cultural Center

#### EXTENSION OF REMARKS

OF

### HON. FRANK THOMPSON, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 29, 1958

Mr. THOMPSON of New Jersey. Mr. Speaker, the Federal Government has many cultural exchange programs with other nations, programs authorized by the Surplus Property Act of 1944, the United States Information and Educational Exchange Act of 1948, the Mutual Security Act of 1954, and the International Cultural Exchange and Trade Fair Participation Act of 1956.

In addition, an exchange agreement was signed on January 27, 1958, to increase five-fold the cultural, technical, education, and sports exchanges between the United States and the Soviet Union. President Eisenhower suggested, also, that it would be a good idea to accept a



number of Russians for a year of study in this country whether or not the Soviet accepted American students. The President's remarks were made after a White House ceremony marking the 10th anniversary of the Smith-Mundt Act, under which the Voice of America and the United States Information Agency were set up.

However, as was so cogently shown by Robert W. Dowling, chairman of the board of the Congressionally chartered American National Theater and Academy, which acts as agent for the Department of State in some of these exchange programs:

When we send abroad an exchange program, exchange is a misnomer if we can't receive something here in return. These have been making friends for our country. But then artists, producers, musicians ask when they can come here.

There is no commercial theater you can book them into in midseason. Every New York theater manager hopes to book his house for a whole season. With the exception of the National in Washington, where you might find a couple of weeks in the winter, there is no other place to play. New York is practically closed.

You just have to have an adequate house, not only for the theater, but for ballet, opera, concerts—all the performing arts need it.

#### AMERICAN COUNCIL ON EDUCATION SURVEY

In a survey report for the American Council on Education, submitted on January 2, 1958, by Dr. Donald J. Stone, dean of the Graduate School of Public and International Affairs of the University of Pittsburgh, and Dr. Michael J. Flack, ACE staff member, declare that:

In one respect at least, the Nation's Capital is an underdeveloped community. It lacks adequate institutions to meet the needs of the thousands of foreign visitors or temporary residents who come here under the auspices of the Federal Government, of foreign governments, international organizations, foreign or American private institutions, or on their own. Most of these foreign visitors are persons of status in their own countries. All told, there are each year between fifteen and twenty thousand of them.

The visit of these guests from abroad to the Nation's Capital involves an opportunity for the United States to make their sojourn here meaningful and enjoyable. If each of these foreign visitors is to be viewed, as he must, as an important person who will co-determine in his own country the nature of tomorrow's world, then providing an adequate introduction to the United States and an appreciation of its struggle to develop a free, prosperous, and responsible society should be of direct interest to the American people.

Later, this important survey for the American Council on Education, an organization which speaks for all segments of education in our country, recommends the establishment of a great cultural center as an international meeting place for the world in the Nation's Capital, saying "the enlarged center should foster the international enlightenment of the Washington community. This could be done by cultural and social programs of general interest" which would include American and foreign music programs.

#### CONGRESS DONATED LAND FOR TAFT MEMORIAL

Mr. Speaker, the Congress in its wisdom provided a site on the United States

Capitol Grounds just west of the Senate Office Building for a 115-foot bell tower memorial to the late Senator Robert Taft. This land was donated by the Congress.

It is my considered belief that the Congress cannot do less than this for the National Cultural Center; that it must, first, provide Government-owned land; and, second, give the National Cultural Center a status in the Federal Government equal to that of the National Gallery of Art which was given to the American people by Andrew Mellon. The National Gallery is a branch of the Smithsonian Institution. If these two conditions are met, and provision is made for the acceptance of gifts from private sources, I am confident that the money for the National Cultural Center can be raised from private sources and that the American taxpayer will not have to be taxed to provide this much needed facility.

#### COMPROMISE LEGISLATION DEVELOPED

I have developed a compromise bill to meet the objections voiced in the House of Representatives on August 8, 1957. No one spoke against a National Cultural Center in that debate. Everyone was for a National Cultural Center in the Nation's Capital. The opponents of the site selected by the District of Columbia Auditorium Commission insisted they were just as dedicated to the concept of such a center as the proponents of the site chosen by the Auditorium Commission. They insisted, however, that "we can still have the center, and quicker, on one of several available Government-owned sites." I agree with them.

Among the opponents of the Foggy Bottom site were the Washington Board of Trade and the Federal City Council.

Ambassador George A. Garrett, president of the Federal City Council, wrote me recently saying:

The auditorium site question provides another instance in which we have disagreed with the position taken by an advisory commission. We have, as you know, consistently favored a southwest location over one in Foggy Bottom for the civic center.

#### WASHINGTON BOARD OF TRADE WANTS CONVENTION HALL

The Washington Board of Trade's Auditorium Committee, and its coordinating Committee on the Future of Washington are much more interested in a convention hall than a national cultural center. In a paper prepared by John W. Thompson, chairman of the latter committee and president of the Evening Star Broadcasting Co., and presented to the business outlook conference of the Washington Board of Trade on January 28, 1958, a preference was expressed for the convention hall plan put forward by the District of Columbia Auditorium Commission.

Interestingly enough, the cultural development committee of the Washington Board of Trade has been completely silent in the matter but the evidence would seem to indicate that if the king-makers in the Board of Trade permitted it to express an opinion it would favor my compromise bill, H. R. 9848, over the plan advanced by the District of Columbia Auditorium Commission.

As the report of the auditorium commission shows, multipurpose civil auditoriums have been built in 382 American cities. So far as I have been able to determine none of these civic auditoriums have been financed in whole or in part through national fund drives. I have come somewhat reluctantly to the conclusion that the wholly worthy proposal for a national cultural center has come, in certain quarters, to be considered as the sugar coating for the convention hall pill which certain Washington business interests have been trying to get the Congress to swallow for more than 30 years. In the 1930's a plan similar to that preferred by the Washington Board of Trade was defeated in the Congress. There is absolutely no reason for believing that the same interests would not again mobilize to crush this convention hall plan being pushed by two of the special interest committees of the Washington Board of Trade.

Washington is one of the country's major cities populationwise, and, has a high standard of living. From these and related facts I think the conclusion is inescapable that if Washington wants and needs a convention-trade fair-exhibition hall then it can obtain one in the very same way and just as successfully as the 382 other American cities obtained theirs. As a matter of fact, the Board of Trade made a study of the matter a few years ago and found that a convention hall type of building would bring in \$12 million a year in additional business. Clearly then, it would and could pay for itself. Conventions and tourists already bring into Washington the vast sum of \$300 million a year, according to the figures presented yesterday to the business outlook conference of the Washington Board of Trade. I am sure that most Washingtonians, businessmen and civic leaders and Mr. Average Citizen, do not want any special favors and want only to be treated as the citizens of other American cities are treated; no more, no less than this. I am delighted to note that after a period of trial and error sound plans are under way in Washington to build a national stadium and pay for it through a bond issue after a period of years in which less realistic plans were considered, including having the Federal Government build and present it to Washington, D. C., as a gift. I am sure the Congress would welcome any similar sound proposal for building a convention hall in Washington, D. C. to serve Washington's business interests.

#### SUPPORT GROWS FOR COMPROMISE MEASURE

I am pleased to say that strong support has developed for my measure and, further, that I consider it highly significant that not a single national organization in the field of education and the arts has turned it down in favor of the convention hall plan preferred by the Washington Board of Trade. Among the many cultural organizations which have interested themselves in my plan for a national cultural center are the National Federation of Music Clubs, the National Music Council, the American Federation of Musicians, the Music Educators National Conference, the Associated Actors and Artists of America, AFL-CIO, the

National Opera Association, and the American Guild of Music Artists, AFL-CIO.

I include here a few of the many messages I have received in support of my plan, a plan which would cost the American taxpayer nothing since the entire amount would be raised through voluntary subscriptions:

OFFICE OF THE VICE PRESIDENT,  
Washington, January 21, 1958.  
The Honorable FRANK THOMPSON, Jr.,  
House of Representatives,  
Washington, D. C.

DEAR CONGRESSMAN: This is just a note to thank you for your letter of January 11 and the material you sent relating to your bill for a National Cultural Center in Washington, D. C.

I appreciate your thoughtfulness in keeping me informed about the status of this measure. As you know, for some time I have been in favor of the development of such a Center here in Washington. It would not only provide a much needed facility for the residents of this area, but more important it would also serve as a symbol of the interest of our Nation and Government in the rich cultural traditions and experience of America.

With best wishes.  
Sincerely,

RICHARD NIXON.

[From the Washington Post and Times Herald of January 28, 1958]

#### CULTURAL CENTER IS BACKED BY DISTRICT OF COLUMBIA FEDERATION OF WOMEN'S CLUBS

The executive board of the District of Columbia Federation of Women's Clubs unanimously approved a resolution yesterday endorsing a bill introduced by Representative FRANK THOMPSON, Jr. (Democrat of New Jersey), to provide for a national cultural center on the south side of the Mall, directly behind the National Gallery of Art.

Action on the resolution presented by Mrs. M. McCall Imes, Federation president, was taken at the board's monthly meeting at Hotel 2400.

THOMPSON'S bill, introduced on January 9, calls for a creation of a new Federal Commission to plan and administer the cultural center, and would, in effect, revive the District of Columbia Auditorium Commission which failed to win Congressional approval last year of a Foggy Bottom site for the cultural center.

[From the Washington Post and Times Herald of January 15, 1958]

#### RECREATION BOARD BACKS CENTER PLAN

The District Recreation Board yesterday voted unanimous support for the proposed National Capital Center of the Performing Arts.

The center, which would be located on the south side of the Mall, directly behind the National Gallery of Arts, as provided in a bill introduced Thursday by Representative FRANK THOMPSON, Jr., Democrat, of New Jersey.

Support for THOMPSON'S bill was recommended by Recreation Director Milo F. Christiansen, who said "the board and department have an important stake in the development of a center for the performing arts."

AMERICAN GUILD OF MUSICAL ARTISTS,  
New York, N. Y., December 10, 1957.  
Congressman FRANK THOMPSON, Jr.,  
House of Representatives,  
Washington, D. C.

DEAR CONGRESSMAN THOMPSON: I think that you will hear directly from the Associated Actors and Artists of America that

the international board adopted the following resolution:

"That the Four A's endorse the bill of Representative FRANK THOMPSON, Jr., for a National Cultural Center in Washington, and that the branches of the Four A's that have not already done so be requested to take similar action."

This resolution followed the reading of a letter from me requesting support of the Four A's for your bill for a national cultural plan for the Mall area in the Nation's Capital."

I am happy our international board has taken this position and I sincerely hope the bill will be adopted by Congress.

With best wishes.

Sincerely,

HY FAINE,

National Executive Secretary.

STATE OF NEW JERSEY,  
DEPARTMENT OF EDUCATION,  
Trenton, January 9, 1958.

HON. FRANK THOMPSON, Jr.,  
House Office Building,  
Washington, D. C.

DEAR FRANK: I am glad to hear that the National Music Council has endorsed your bill for a National Cultural Center. I read your speech with great interest and equal approval. As you know, it echoes many of my own sentiments and I am understandably prejudiced toward it.

Best wishes.

Sincerely yours,

ROGER H. McDONOUGH, Director.

VAN ARKEL & KAISER,  
Washington, D. C., December 31, 1957.  
The Honorable FRANK THOMPSON, Jr.,  
House of Representatives,  
Washington, D. C.

DEAR CONGRESSMAN THOMPSON: President Petrillo, of the American Federation of Musicians, has asked me to reply to your letter of December 19 with the assurance that the American Federation of Musicians fully endorses your proposal and will give it vigorous and enthusiastic support.

With personal regards and the season's greetings, I am,  
Cordially,

HENRY KAISER.

MUSIC EDUCATORS NATIONAL CONFERENCE,  
Washington, D. C., December 30, 1957.  
The Honorable FRANK THOMPSON,  
House of Representatives,  
Washington, D. C.

DEAR MR. THOMPSON: Thank you for your letter of December 21. We are delighted to have it as well as the copy of the letter you have sent to President McBride.

You may be sure we shall be glad to give every support to the important bill for the National Cultural Center on the Mall here in Washington.

Cordially,

VANETT LAWLER,  
Executive Secretary.

THE UNIVERSITY OF ROCHESTER,  
EASTMAN SCHOOL OF MUSIC,  
Rochester, N. Y., December 3, 1957.  
The Honorable FRANK THOMPSON, Jr.,  
Congress of the United States,  
House of Representatives,  
House Office Building,  
Washington, D. C.

DEAR MR. THOMPSON: Thank you so much for your letter of November 30. I am most grateful to you that you are standing up firmly against action which would frustrate the development of a cultural center in the Nation's capital. In my opinion we need the creative arts more in this country at this time than we have ever needed them in our long history. You are so right in saying that any tendency today to downgrade the

humanities and the creative arts is giving the Russians too easy a victory.

Please count on me for any support that I am able to give and I am sure that I speak not only for myself but for the membership of the National Music Council as well.

With kindest personal regards.

Yours cordially,

HOWARD HANSON.

NATIONAL OPERA ASSOCIATION,  
Oberlin, Ohio, January 2, 1958.  
The Honorable FRANK THOMPSON, Jr.,  
United States House of Representatives,  
Washington, D. C.

DEAR CONGRESSMAN THOMPSON: The National Opera Association, assembled in convention at Evanston, Ill., heartily endorses your efforts in behalf of the performing arts, and for the establishment of a National Cultural Center on the Mall in Washington.

As almost all the buildings on the Mall are, in one way or another, cultural centers, we suggest that a more specific name be used, such as National Theater, and that the building might consist of a large theater equipped for opera and concerts, and a smaller theater beside it for drama and smaller recitals. In order to make such a building really functional, attention should be given to adequate orchestra pit, rehearsal and storage space, dressing rooms, and facilities for scenery and lighting, as well as architectural excellence.

We would appreciate having a copy of the proposed bill. Our membership is not large but is strategically placed all over the country. If we supply you with a list of names can copies of the bill be mailed out under your franking privilege?

We are anxious to be of assistance. Please advise us.

Sincerely and respectfully,

DANIEL HARRIS, President.

UNIVERSITY OF PITTSBURGH,  
GRADUATE SCHOOL OF PUBLIC AND  
INTERNATIONAL AFFAIRS,  
Pittsburgh, Pa., January 13, 1958.  
Congressman FRANK THOMPSON, Jr.,  
House Office Building,  
Washington, D. C.

DEAR CONGRESSMAN THOMPSON: Thank you for your letter which has been forwarded from Springfield College. We moved to Pittsburgh last fall.

I knew of your efforts to secure support for a national cultural center and approved.

I have now read the materials you sent me with interest and appreciation. I subscribe enthusiastically both to your objectives and the specific arrangements which you present so clearly.

If I can be of help at any time, please let me know.

Yours sincerely,

DONALD C. STONE, Dean.

#### How To Get Action From Politicians

#### EXTENSION OF REMARKS OF

HON. GEORGE S. McGOVERN

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 29, 1958

MR. McGOVERN. Mr. Speaker, I have often wondered how I could advise my constituents to make more effective use of the services of my office. Our colleague, FRANK M. COFFIN, of Maine, has supplied an answer that I believe will be of interest to the Members of Congress.



Congressman COFFIN directs his suggestion particularly to small-business men, a group now confronted by serious problems with which the Congress is concerned. Our colleague, a graduate of both the Business School and the Law School of Harvard University, has set forth his views in a well-written article entitled "How To Get Action From Politicians," which appears in the autumn issue of the Harvard Business School Bulletin. The article follows:

**HOW TO GET ACTION FROM POLITICIANS**  
(By Congressman FRANK M. COFFIN)

Eight months of exposure to the legislative process at the national level have blasted some shibboleths I have long taken for granted about the relationships between a businessman and a politician.

There is a legendary mutual respect between those citizens who have scaled the economic or political heights far enough to win an election or meet a payroll. According to this school of thought, both the politician and the businessman look down from their Olympian heights with mingled respect for each other and compassion or contempt for all lesser souls.

If this bond exists, it is not apparent to me. All too often I have the impression that businessmen feel as Walter Pitkin expressed it in the *Twilight of the American Mind*, that politicians "are the semifallures in business and the professions; men of mediocre mentality, dubious morals, and magnificent commonplaceness."<sup>1</sup> Conversely, many in politics are inclined to view businessmen as successes in their vocation but utterly naive, uninformed and unrealistic in matters of both government and politics.

These comments do not apply to several areas where there is a sturdy bridge of understanding between the political leader and the business leader. One such area is that where the businessman becomes for a time a political figure, as in the case of some of the members of the Cabinet. The reverse situation occurs when a Member of Congress becomes or remains the head of his own business. Then there is a rarefied atmosphere of really "big" business, where there may well be a high degree of appreciation of the complexities underlying most political issues.

Indeed, one might well question whether a business enterprise in this country has ever become dominant in its field without an effective merger of the economic and political modes of thought on the part of its leaders. What I have said about a lack of mutual understanding between politicians and businessmen is directed to the multitude of small entrepreneurs who have the least time or energy to devote to a better acquaintance with the practices, procedures, and personalities of Government.

Yet, speaking as a Member of Congress, I am deeply concerned over the gulf of ignorance that separates us from the leaders of the platoons and companies, if not the brigades and armies of business.

We in politics and Government sense that a very critical period is being faced by the small- to moderate-sized independent businessman. We talk in generalities about the effect of tight money, costly credit, lack of equity capital, high taxes, poor management, unfair competition, and monopolistic practices. But what we know about these problems, with a few notable exceptions, comes from practically every source but the businessman himself.

**BUSINESSMEN DON'T SPEAK UP**

More and more, Congress is facing up to the fact that the problem of survival of

small units is one of the major themes in Government today. Yet the absurdity exists that Congress will act in a field directly affecting small business with relatively few businessmen making their views known. This is despite the fact that their views are both sought and welcomed.

Perhaps the reason, at rockbottom, for this hands-off attitude toward Government by the average small-business leader stems from several assumptions which are today unrealistic. Indeed, they may never have been realistic.

The first idea is that Government (and the political personalities, parties, and ways of thought and action that make up Government) does not and should not concern itself with the problems of free and small enterprise. The second idea is that the garden variety of businessman should not attempt to be a lobbyist, or to try to persuade politicians in Congress. He feels that this type of activity would be either not quite respectable, expensive, or futile, or all three.

**GOVERNMENT IS PART OF YOUR JOB**

So he continues to tend to his knitting—finding that his balls of yarn dwindle in size and multiply in cost. The truth is that government is part of the businessman's knitting. That is, over and above the concern which one should have as a citizen in all levels of politics and government, the small-business man, as a segment of our economy, has a special obligation. That obligation is to survive. It is increasingly clear that survival today depends not only on his own initiative and efforts, but on the creation of some legislative machinery to help him survive in a world of bigness, and on the elimination of some laws which operate only to burden him and lessen his chance of survival.

In short, government is in the field of small business. To make the venture fruitful, small-business spokesmen should not be strangers to government.

This objective can be achieved only if some notions about politicians and how to exert pressure on them are relegated to the attic with grandma's corset.

When I first came to Congress, I was only a couple of steps ahead of the average businessmen in my distorted views of this process, more commonly known as the ancient institution of lobbying. I say "ancient" because it dates at least as far back as Genesis, which records that Joseph performed valuable services in interceding with the Pharaoh on behalf of his father and brothers. The story of Joseph is not a safe guide, however, since it might not always follow that casting one's representative into a pit and thereafter selling him for a paltry 20 pieces of silver is calculated to induce loyal, persistent, and effective representation at the halls of government.

**BUT WHERE ARE THE LOBBYISTS?**

In any event, I have had to adjust my thinking about lobbying. When I made my first "Cook's Tour" of the Capitol after my election, I was shown a large, long, ornate Chamber, accoutered with leather seats, couches, with chandeliers and oil portraits of departed national figures. This was the "Speakers' Lobby." Ah, I thought, here is where I shall be buttonholed by cigar-smoking minions of industry, labor, agriculture, veterans, doctors, lawyers, and Indian chiefs. Here is where I shall have to struggle for my political chastity. Well, to my dismay, I found out that lobbyists weren't even allowed in the lobby. Only Members of Congress, their assistants, and the press have this privilege. This is a fine kettle of fish. What if lawyers weren't allowed at court?

To add to my disillusionment, I must confess that not a solitary soul has yet thrust a finger through a buttonhole on my lapel \* \* \* even the ones that are real honest-

to-goodness buttonholes. I have not been backed up against a wall and threatened with my political life if I don't vote in a certain way. I have not been lured by the titivating promise of lucre or a vice-presidency of a company if I vote for a certain bill. I have reflected that perhaps this is because I am only a freshman, with control and influence over only one four hundred and thirty-fifths of the votes in the House of Representatives.

Even though lobbying is not what it was cracked up to be, and even though I am not entirely sure that I have been a victim, I am going to hazard a few remarks on the subject for businessmen. For small-business men, that is, because I can't remember having met a big one.

**HOW TO LOBBY—IN THREE LESSONS**

What I have to say adds up to a do-it-yourself program. In this era of faddisms in solitary artisanship, I don't see why lobbying can't be included. I have not as yet completed all the materials for the special kit which will soon be available at most drugstores. As of the moment, it will include some form telegrams, half of which will be vehemently for House Resolution — and half predicting national disaster if House Resolution — is enacted; three credit cards for Washington hotels; appropriate air and rail timetables; a gross of aspirin; and a choice of the Koran, Talmud, or Bible.

If the reader has persevered thus far, he will be rewarded with some more serious comments. Lobbying, beneath all the gibes and innuendoes, is at once a cause and a result of what Dr. Griffith<sup>2</sup> calls the dispersive state, a form of society and government produced by specialization in the economic processes, and to a large degree reflecting the demands of the many specialized groups which now make up our economy. Lobbying is a way in which a specialized group presents its case to government. For a tightly knit, well organized, homogeneous group, effective lobbying is far more simple in both concept and execution than for the heterogeneous mass of small-business men, 4 million weak. For this group, not the moguls but the mites of industry, the first step to a more effective presentation of problems, i. e., lobbying, is a change in attitude toward government and politics to which I have just referred.

**ELEVEN RULES OF THE GAME**

From my very limited experience, I venture to suggest these principles which govern today's Congressmen in most of their dealings with businessmen. I hope that by spelling them out I can help readers make their contacts with politicians more rewarding and effective, for both parties.

1. A businessman from home, with a problem, is viewed by the Congressman as an opportunity, not a chore.

2. Past campaign contributions or the prospect of future contributions are not a determinant of the effort which the Member will expend for his constituents.

3. Political affiliation will have no bearing on the effort of the Member. He will often take pride in a job well done for someone who has worked hard against him.

4. One factual, thoughtful, reasoned letter will carry more weight than dozens of form letters or cards.

5. No businessman is too small to warrant the personal attention of his Congressman. If the jobs provided by the particular business are in jeopardy, the Congressman will place the task of protecting those jobs at the very top of his agenda.

6. One precious commodity which the businessman has, and the Congressman knows

<sup>2</sup> Congress, Its Contemporary Role (2d ed.), Ernest S. Griffith, Director, Legislative Reference Service, Library of Congress (New York University Press, 1956), p. 121.

<sup>1</sup> Page 81, New York, Simon & Schuster, 1928.

he has, is knowledge of the facts of life as they exist in his very small corner of the world. These facts the political representative needs if he is to draft sensible legislation. Respect for these facts will build the bridge of understanding so badly needed between the small-business community and those whose lawmaking efforts will help or hurt that community.

7. A law of political thermodynamics operates in most Congressional offices: The more heat, the less dynamics. Or, to put it another way, the more organized and intense pressure brought to bear on a member, the less effective it is. It may be effective in the first instance when it is applied, but the chances are that the representative will find more ways to be undynamic than the pressure group will find to bring new pressure.

#### THE QUESTION IN THE CLOAKROOM

If the Congressman feels he is being bullied, he can be for the desired legislation and yet effectively insure its being put into a deep freeze. After all, his influence on his colleague does not depend on his public statement to a committee. It depends on his answer to the question of committee members in the cloakroom: "What do you really think?"

A low pressure approach to a Congressman by a businessman expressing his own problem or point of view in no matter how awkward a way is almost bound to bring forth an attitude of friendly interest and helpfulness on the part of the Member of Congress. If he didn't react that way, he would be quite unique in a body of men and women who have one quality in common: a genuine interest in and responsiveness to people.

8. The kind of lobbying a small-business man can do very effectively need not be expensive. A telephone call may accomplish fully as much as a trip to Washington. Nothing can be more wasteful of time for the businessman and the Representative than a personal trip to Washington with no thought given to presenting the problem or adequate documentation or the necessary preliminary steps. The businessman with a problem will help himself if he consents to talk with some member of the Congressman's staff. Sooner or later the staff member will have to work on the details of the problem. He might just as well be recognized as a competent intermediary at the start. Nothing can be more unpropitious than brushing off the Congressman's staff aids and insisting on seeing the "boss."

9. There are rather wide areas within which a Member of Congress can act effectively. He can expedite the getting of information. His efforts can insure that very serious consideration is given any matter in which he is interested. Sometimes he can even bring about a reconsideration of a decision, or he can obtain some delay in carrying out a decision. But he cannot, and should not, be expected to work miracles, to have a decision made or unmade for reasons other than the merits. This is not to say that the unexpected never happens, but merely that this type of approach is usually going to end in frustration.

10. A good rule to follow is: If you have an interested Congressman working for you, don't press your luck. Nothing causes an MC to lose steam so fast as the knowledge that one's constituent is hedging his bet by trying to enlist the assistance of other Members. Generally this information reaches the constituent's Member, and, if not hurtful, is at best not helpful in advancing his cause.

11. One final tip is to remember that a politician, although more gregarious than most people, has limits to both his time and his energy. He has in mind a rule which, if formulated, would run like this: Avoid dinners in Washington, seek them at home. If, therefore, a businessman seeks to carry his association with his Representative beyond

ordinary working hours, he should think twice before asking him to large whing-dings in Washington. After all, the Congressman was at the same hotel, eating the same food last week, with another group.

#### A PRACTICAL COURSE IN POLITICS

Perhaps what I have said would not receive even a majority vote in the House of Representatives. All I can say is that it makes sense to me as a constructive approach to a necessary part of the businessman's life. There is one byproduct of do-it-yourself lobbying which is more important in the long run than success in solving the immediate problem: the vastly increased understanding of and interest in government as a whole which results from getting in touch with your Congressman and seeing things through his eyes.

What the businessman with a problem may be getting into is an intensive seminar in government, beginning in frustration and ending in wisdom. That kind of experience is what makes our kind of government work.

**Rev. Dr. Abraham J. Feldman**

#### EXTENSION OF REMARKS

OF

**HON. EDWIN H. MAY, JR.**

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 29, 1958

Mr. MAY. Mr. Speaker, the Members of the House of Representatives heard a very inspiring invocation today. It was delivered by one of the most outstanding clergymen in the State of Connecticut and indeed from the entire Nation, Rev. Dr. Abraham J. Feldman, of the Temple Beth Israel, of Hartford, Conn. I am happy to say that we of the State of Connecticut are very proud of the great contribution which Rabbi Feldman has made to his community, to his State, and to the Nation, not only in things that pertain to the spirit but in civic, charitable, and governmental affairs as well. As an example of this, may I cite the fact that he is past president of the Synagogue Council of America, past president of the Central Conference of American Rabbis, president of the Hartford Rotary Club, member of the Connecticut State Committee for CARE, a trustee of the People to People Foundation, and he has been a member of the United States mission to Hawaii and to the Far East on behalf of the Department of Defense.

I believe that it would be appropriate to give a résumé of some other of the many activities of Rabbi Feldman. Besides being the editor of the Jewish Ledger, he is author of the following books: *A Companion to the Bible*, *A Rabbi and His Early Ministry*, *The American Jew*, *Faith of a Liberal Jew*, *Confirmation*, and *Reform Judaism—A Guide*.

Diversification is one of the marks of Rabbi Feldman's outstanding contribution to society. Attesting to his broad interests, he is a member of the National Committee on Immigration and Citizenship; chaplain, United States Veterans Hospital in Newington, Conn.; chaplain, Connecticut State Guard with a rank of colonel; member of the board of trustees

of Hartt College of Music, of Hillyer College; a regent of the University of Hartford; and member of the advisory board of the American Child Guidance Foundation. There are innumerable other activities of this outstanding man but suffice to mention at least some of the awards which he has received. They are: 1954 citizen's award, as the Greater Hartford citizen of the year, the 1955 Americanism and civic award from the Connecticut Valley Council of B'nai B'rith, and recipient of the 1956 George Washington honor medal, from Freedoms Foundation at Valley Forge.

Rabbi Feldman has been the recipient of a number of honorary degrees. Among them are doctor of divinity, Hebrew Union College; doctor of sacred theology, Trinity College; doctor of laws, Hillyer College; and doctor of humanities, Hartt College of Music.

Mr. Speaker, it is a rare occasion indeed that was afforded the Members of the House today in having an opportunity not only to hear the words of Rabbi Feldman but to see him as well. I know I can speak for all the people of Connecticut that we are very proud that Rabbi Feldman is a product of our State.

#### The Times Call for Tax Reduction for Small Business

#### EXTENSION OF REMARKS

OF

**HON. JOE L. EVINS**

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 29, 1958

Mr. EVINS. Mr. Speaker, last week, it was my privilege to appear before the Ways and Means Committee on behalf of the majority members of the House Small Business Committee, and the companion bills H. R. 9957 to H. R. 9963. These bills would modify the tax structure to provide incentives for small and independent businesses, and partially equalize the disadvantages small business suffers in regard to taxation. Knowing that the concern of the majority members of the Small Business Committee is shared by many other Members of this body on both sides of the aisle, I, under unanimous consent, insert in the CONGRESSIONAL RECORD a transcript of my statement before the Ways and Means Committee:

**AN INCENTIVE TAX BILL FOR SMALL BUSINESS**  
(Statement of Hon. JOE L. EVINS, of Tennessee, before the Committee on Ways and Means, House of Representatives)

Mr. Chairman and members of the committee, I appreciate the opportunity of appearing before you on behalf of myself and the majority members of the House Select Committee on Small Business, and to express to you our unanimous concern over the plight of small business and the vital necessity of providing concrete incentives to preserve the steadily deteriorating position of small business in our economy.

Small business is and always has been the great reservoir of opportunity and free enterprise in our Nation. As we all know, recent trends and events have tended, however, to



place limitations on the ability of small business to grow and even to survive, and have put small business at a severe disadvantage as compared with larger business entities.

Recently the House Small Business Committee held public hearings on the problems of small-business financing. The witnesses included an impressive array of high policymaking Government officials, including the Secretary of the Treasury and the Chairman of the Federal Reserve Board, as well as prominent financial experts in private life. They were almost unanimous in the statement that one of the most serious problems of small-business financing is that of the tax burden on the very small concerns.

Throughout the period since the first session of the 85th Congress adjourned, the Select Committee on Small Business of the United States Senate has held extensive hearings at various locations across the country about the tax problems of small business. It heard numerous witnesses. Those witnesses confirmed the points made by the witnesses who appeared before the House Small Business Committee. They are in agreement that one of the principal problems faced by small business today is the oppressive tax burden on the very small concern.

All these hearings and studies show that small business has suffered during the past few years because it is severely handicapped in obtaining capital for replacement, modernization, and for expansion. Big business is in a far more advantageous situation in regard both to the use of its own profits for expansion and in access to capital through flotation of stocks and borrowing on long terms. Moreover, in the past few years, big business has received very considerable tax relief through the repeal of the excess profits tax and the use of rapid tax amortization. This relief made available to larger industries billions of dollars for financing part of the tremendous growth they have experienced during the last few years.

On the other hand, small business has not had the benefit of such tax reductions and relatively little relief through rapid amortization. On the contrary, small business is still being taxed at just about the same rate as it was during the war.

Therefore, small business has not been able, to the same extent as big business, to use its earnings for expansion and has been far more dependent on loans as a source of capital. Unfortunately, as we all know, in the past few years it has been considerably more difficult for small business to obtain loans on favorable terms—particularly for expansion.

There has been wide bipartisan agreement for several years that we must have revision of our tax laws to equalize the opportunities of small and independent business. It will be recalled that the President appointed a special Cabinet committee some 18 months ago to study this matter and present recommendations. It will be recalled further that a year ago the President presented the recommendations of the Cabinet committee to the Congress and added his personal endorsement and urged action.

There comes a time when we must stop talking and start doing. The matter is far more urgent today than a year ago because of the increased peril small business faces as a result of the less favorable economic outlook. The rate of bankruptcies and business failures is increasing alarmingly and many small businesses need immediate help if they are to survive at all.

The legislation proposed by the majority members of the Small Business Committee follows the recommendations of the Cabinet committee in four of its five parts. In addition, we propose a provision aimed at the

heart of the problem of giving small business the incentive to grow, and thereby improving the climate of opportunity in our country. Briefly and in general terms we propose the following—incidentally not in the same order as they appear in the bill:

First, one of our proposals is that the taxes imposed on business corporations be modified by reducing the tax rate in the lowest bracket—on incomes up to \$25,000—from 30 percent to 20 percent.

I am sure the committee is aware that, unless Congress takes action before July 1, the present rate of 30 percent will be reduced to 25 percent. Actually, therefore, our proposal would involve an effective change of 5 percentage points.

This recommendation is exactly the same as the one made by the President's Cabinet Committee on Small Business in its report of August 1956 and supported by the President early last year. It is true that the President later in the year reversed his position but, in view of the change in economic outlook since that time, we may be permitted to hope that this year he will return to his original position.

The committee will appreciate the difficulty of estimating the loss of revenue that might result from changes in tax rates. If we use the present revenue from this source as the standard, an informed guess would be that the loss might be as high as \$400 million. However, I have already pointed out that under present law there would be a reduction in the coming year from 30 to 25 percent in the tax rate in this bracket. If we take account of this, the loss under our proposal against the loss that would ensue if presently scheduled reduction actually goes into effect would not be greater than about \$200 million. However, in our view, it is by no means certain that there would be any loss at all. I shall have occasion to speak on this point a little later.

Our second recommendation is that businesses be given the right to utilize, for purchases of used property not exceeding \$50,000 in any one year, the formulas of accelerated depreciation that were made available to purchasers of new property by the Internal Revenue Code of 1954.

This proposal would enable small business to benefit from rapid tax amortization on a far more realistic basis and on more equal terms with big business. I am sure that most of you are aware that—particularly where expensive equipment is involved—small business is far more likely to purchase secondhand than brandnew equipment. Such used machinery and equipment is often just as good for the purpose as brandnew and in any case is frequently the only kind small business can afford. Present law, however, does not permit rapid amortization of investment in such machinery. Thus, small business is put in a very unfair position in respect to the tax laws. Therefore, in this respect small business is between the hammer and the anvil—on the one hand it finds it more difficult than big business to find capital for growth and expansion; on the other hand, having scratched it up somewhere and invested it in the best equipment it can afford, it receives far less favored treatment from our tax laws than big business. I am told that through the relief in taxes obtained by rapid amortization, those buying new equipment are able to finance a good portion of the investment out of their tax savings; on the other hand, small businesses buying used equipment receive no such incentive toward new investment in equipment and facilities. We are confident that providing such an incentive on equal terms with their larger business brothers would be far more important in stimulating the growth of small business than might appear offhand.

Our third recommendation is that corporations with say, 10 or fewer individual,

personal, stockholders be given the option of being taxed as if they were partnerships. It is our view that this option should be limited to small corporations whose income is derived principally from active trade or production and should not be extended to personal holding companies. We believe the possibility of its misuse should be guarded against, and accordingly we make a number of qualifications in the bill to guard against such possibilities.

Our fourth recommendation is that the taxpayer be given the option of paying an estate tax in several annual installments—but not more than 10—where the estate consists largely of investments in closely held business concerns. All of us can recall in our own home localities instances where the need for paying estate taxes has required the distress sale of a business or its assets, or changes in ownership—often sale to a chain or a larger business. In some instances businesses on which communities were vitally dependent have had to be closed or broken up or moved. This section of our bill is intended to remove some of the hazard to small business and to the continuity of its ownership that present laws present.

Finally, we recommend that in the case of any person engaged in a trade or business, there shall be allowed as a deduction for the taxable year an amount equal to the additional investment in the amount of \$5,000 or 20 percent of the net income of such trade or business for the taxable year, whichever is the greater: Provided, however, that the total amount of any such deduction shall not exceed \$30,000 for any taxable year.

The purpose of this plow-back provision is obvious. It would give all business, but particularly small business, a much needed stimulant to growth. Some such stimulant must be applied if we are going to preserve the position of small business. We all know that circumstances today favor the big elements of business. I have noted some of them and others who have testified have also pointed this out. We cannot hope to correct all the factors which favor the big and discriminate against the small; but we can make a start, and in our view, this would present the best practical point for such a start.

As I have said, there is wide and bipartisan agreement on the desirability of legislation along the lines proposed by the majority members. The only criticism offered is that in view of the present defense emergency we cannot afford the loss of revenue. And I want to direct my remarks particularly on this point.

I have already pointed out that laws which will go into effect on July 1, unless modified by Congress, provide for reductions in the corporate tax structure. These provide not only reductions in the lowest brackets but some in the higher brackets. If the Congress saw fit to give relief in the lowest bracket where it is most vitally needed, but maintained present rates on higher brackets, there would be no actual loss of revenue from a reduction of the normal tax rates from 30 percent because it appears that there would be more revenue than would be available in the coming year if the present tax laws remain in effect.

In the second place, we are making these recommendations not to relieve people of taxes and our Government of revenue, but because we firmly believe that these changes would stimulate economic growth. You cannot collect taxes unless there are earnings to tax. A farmer who keeps taking all the eggs the chickens lay and who does not leave them some to hatch into chicks, will soon find himself without any hens to lay eggs for him to take. It takes no gazing into crystal balls to see that unless some encouragement is given to small business, its earnings will fall rapidly and in consequence there will be less to levy a tax on.

On the other hand, if we give small business the means to prosper and to grow, its earnings will increase and we will receive more in tax revenue even if the rates are lower. I am firmly convinced that within a short time, following the enactment of this proposed legislation, the earnings of small business, and big business too—will rise sharply and produce a higher return in taxes.

In the third place, small business has already made more than its proportionate share of sacrifice for the continued emergency this Nation has faced for the past 15 years. It seems to me that it would be simple justice at this time, when small business itself is facing a severe emergency, to shift some of the burden to others, more able to make the sacrifice.

Finally, let us not forget that one of the most important things we are trying to defend in this present emergency is the opportunity which this land has always offered and which we trust it will always continue to offer. Small business, I repeat, is the place where opportunity and free enterprise start flowing. If in a nearsighted overconcentration on our military defenses we permit this climate of opportunity to wither away, we will have managed to do ourselves far more damage than all the effort of our enemies.

I repeat, in conclusion, speaking for myself and the majority of my colleagues on the Small Business Committee, that if we believe in small business—if we believe in doing our best to maintain our system of enterprise and opportunity, it is time we took appropriate action to encourage and stimulate it. The modifications we propose are in our view, the very minimum that can be done—and should be done—in this direction. Many of us think this is by no means enough and I am sure all of us have ideas on additional things which can be done. But we have subordinated our own ideas and joined together in these proposals in the hope that we can unite in making a start on this vital task of keeping this a land of opportunity and we commend them to your attention in this light. I thank you.

### Reuther Recession—or Democrat Depression—Which?

#### EXTENSION OF REMARKS OF

**HON. EDGAR W. HIESTAND**  
OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 29, 1958

Mr. HIESTAND. Mr. Speaker, a Reuther recession is what we ought to call the present slump in business and rise in unemployment.

But in view of the current gloom and doom chorus of the Democrats, it is possible that the Reuther recession may be pushed into a Democrat depression unless Americans shrug off the pessimism and read the favorable signs which are there if we want to see them.

The present recession may be laid at the doorstep of Walter Reuther more than any single individual in the United States. Recessions are simply reactions from unbridled booms and inflation. Rounds of wage and price increases, for which Reuther takes the blame, swing into a spiral and force inflation upon us.

With Democrats sounding off at every opportunity, for political purposes, about the omnibus condition of the economy,

it is illuminating to look back upon the following headlines which appeared in the New York Times in 1954:

January 26: "Harriman Says Administration Has Brought Recession."

February 7: "Mayor Wagner Links Recession to Republicans."

February 8: "Various Democratic Antidepression Measures Offered."

February 15: "Senator KENNEDY Defends Democratic Right To Warn of Depression."

February 23: "Democratic National Committee Chairman Mitchell Sees Republican Failure To Act Against Recession as Main November Election Issue."

March 30: "Dr. Keyserling Warns on Downtrend; Urges Action."

April 16: "Representative ROOSEVELT Offers Antirecession Bill."

April 25: "CIO President Reuther Calls Situation Serious."

May 8: "Reuther Urges Four-Way Action; Other Major Unions Demand Emergency Federal Spending, Other Steps To Maintain Economy."

May 15: "Representative ROOSEVELT Says Republicans Have Started Nation on Road to Depression as in 1932."

August 5: "Commerce Department Finds Summer Leveling and Fall Upturn as Predicted by Government Experts."

August 13: "Eisenhower Reports Conditions at Their Best; Minor Slide Past."

September 12: "Economists Feel Eisenhower Administration Aided Stability and Confidence."

When coerced and unearned wage increases are the order of the day, employers simply have to increase the price of their goods to stay in business. This is particularly true with such large groups as steel, aluminum, coal, and of course, automobiles. In most of these lines the payroll cost is more than 50 percent of the total cost of the product—sometimes as high as 90 percent—and when the payroll cost is raised substantially, the only place the employer can get the dollars to pay his workers is by increasing the price of his goods. His alternative is failure, shutdown and loss of all jobs to his employees.

As this spiral proceeds, there comes a time when the employer and the employee have together partially priced themselves out of the market. That is, sales begin to fall because people do not have enough money to pay the price for the products. At least, they buy less of them. That forces a cutback on payrolls, which means less people, rather than less wages per person. Employers won't and can't cut wage scales, but if they have less volume, they must hire fewer people to produce the goods.

In other words Walter Reuther, instead of getting a total of more money into the hands of the workers to spend—and increase consumption—actually gets less money into the hands of the worker and cuts down volume, thus cutting back the number of jobs.

If Reuther forces his next round of wage increases on the automobile industry, it will force another price hike and result this time in less volume, less jobs, increasing unemployment, less consumer purchasing power, and more re-

cession. Why don't we call it a Reuther recession?

Actually, I don't think Reuther will get away with it. Nor will the Democrats, if the public understands that these forces are working against the housewife and the worker.

Recently we have had some encouraging testimony before the Joint Economic Committee:

First. Inventories of stores and factories are now down to or below normal. They had been reduced by restricted ordering, which caused some unemployment. Now business is ordering and people are being called back to jobs.

Second. Consumer sales in the closing Christmas month of 1957 showed an increase over 1956 which also helped to lower those inventories, but is of itself an encouraging factor.

Third. The building industry continues at a high rate. Plant expansion started 12 to 18 months ago is not yet complete and will continue for many months to come.

Fourth. Research and development funds appropriated by private industry are larger than ever. Frequently research develops the need for further plant expansion, resulting in more building.

Fifth. The home building industry continues at a very high level, below 1956 but higher than any other year.

Sixth. Money is easy. The Federal Reserve Board last summer started reversing its influence of restraining inflation, and each successive move has now had its result. Confidence is returning.

Seventh. The Federal Housing Administration reports more applications for loans this year as compared with the same period a year ago, in some localities double or triple.

Eighth. Federal spending is proceeding in large amounts. Contracts have been authorized and are being pushed. They exceed previous government, military and nonmilitary commitments by more than \$5 billion. True, this does not produce permanent prosperity. It is pump priming, but it will get us over the present lull very shortly.

This country is fundamentally sound. We have a great future. Many industrialists are simply utilizing the lull to consolidate their positions and prepare for large further expansion, which they all see coming.

We have much for which to be grateful. The Democrats are screaming about high unemployment. Let us scream about high employment. More than 70 million people are gainfully employed at higher rates than ever before in the history of the country. That is a greater number than at any time in our own history, except for a few months in 1957. The achievement of the Republican administration has been tremendous.

Surely we have a sound basis for discussing the achievement of peace, prosperity and progress.

The two danger spots are the "gloom and doom screamers" of the Democratic Party's left wing, and the demands of Public Enemy No. 1, Walter Reuther, of the automotive industry.



If we can combat these two things, we can pull our country out of the Reuther recession and avoid a Democrat depression.

### Senator Kennedy Delineates Legislative Issues

#### EXTENSION OF REMARKS OF

**HON. ABRAHAM J. MULTER**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES  
Wednesday, January 29, 1958

Mr. MULTER. Mr. Speaker, the Senator from Massachusetts, JOHN F. KENNEDY, in an address to the American Jewish Congress on November 17, 1957, pointed out the great issues which call for action by this Congress. The following article, based upon this address, appeared in the December 9, 1957, issue of Congress Weekly:

#### AGENDA FOR LEGISLATIVE ACTION (JOHN F. KENNEDY)

There are those today who say there are no great issues, no real differences between American political parties, no problems that burn as fiercely as those that captured the attention of all the Nation in the thirties and during the war. This is said to be particularly true in the area of domestic legislation. All the great battles born in the dark days of depression have been won; the cry for economic and social justice is no longer heard and is no longer necessary, it is said. And this, I am afraid, may well be the prevailing opinion in this age of credit-inflated prosperity, falsely based complacency, and drug-induced tranquility, where personality and party labels appear to mean more at the polls than national issues and leadership. But the truth of the matter is that our needs are great and our agenda is long—that an accumulation of problems too long postponed or denied cry out for our attention in Washington in the next session of Congress.

Perhaps the most pressing problem confronting us in this area of social and economic legislation is that posed by the health needs of our older citizens—those who are, in the words of the songwriter, "too old to work and too young to die." The evidence is clear that these older people are sick and disabled more often, for a longer period of time, with less money to buy medical care and fewer opportunities to take out health insurance, than any other group in the country. The fast-growing health-insurance plans of this country, which have taken amazing strides in the past decade in offering medical care at a reasonable cost to a large share of our population, too often exclude from their membership those over 65—or charge them extra-premium rates—or are understandably unable to meet their special needs of chronic illness and long-term disability in a program that is geared to the health needs of the general population and necessarily limited in the amount and kind of services provided. As the spectacular rise in life expectancy increases to vast proportions the number of older people in our society who have left the labor market, and as the cost to their families and our public-welfare programs of supporting them through long chronic illnesses continues to rise, the problem has become a crisis we can no longer ignore. We must amend our social-security laws and meet this problem without further delay.

Another problem which I can predict with certainty will be calling out for attention

during the coming year, and every year until we meet it squarely, is the deplorable shortage of public-school classrooms in this country. How can we match the scientific and technical output of the Russians, how can our teachers be expected to produce the Einsteins and the Fermis and the Comptons of the future, when nearly 1 million boys and girls are deprived by classroom shortage of full-time schooling because of inadequate classrooms, when millions more are held back in unwieldy classes of 40 or more? And how can a democracy endure—how can it successfully operate—unless every child is given a good education to enable it to set the policies for the country? I am hopeful that in the next Congress we will tackle this problem and do something about it.

Despite the existence of the Fair Labor Standards Act, it is a shocking fact that millions upon millions of workers in this country have no Federal protection against substandard wages. And they are the very ones who need it most—those whose wages are low and whose bargaining power is weak: handicapped workers, women, Negroes, and immigrants.

It is a disturbing fact that chronic areas of substantial labor surplus, high unemployment and economic stagnation have no coordinated, effective Federal machinery to help the businessmen and workers in some areas to snap out of their slump and prevent it from spreading. It is difficult to remember in these prosperous times that the average worker laid off in industry today receives an unemployment benefit which is only one-third of his paycheck—a drop in his purchasing power is felt all over his community—but as yet this nationwide problem has never been attacked in the most feasible and successful way through nationwide standards for the amount and duration of benefits.

Still other problem areas will demand our attention—increasing democracy in labor unions and curbing selfish racketeers, strengthening social security, requiring full disclosure of pension and welfare plans, providing decent housing for low-income families, urban renewal for our blighted cities, low-interest loans for middle-income housing, protection for natural gas consumers, eventually low-cost atomic power for our homes and factories, additional restraints on trusts and monopolies, and new forms of assistance to our Nation's small-business men.

We recognize these problems and we can only conclude, therefore, that something is wrong with the vision of those who say that there are no longer any great social and economic issues. I repeat: Our needs are great and our agenda is long. Our task now is to shape a responsible, progressive program, with deeds to match our words.

On one subject I am convinced Congressional action is long overdue; and that is the subject of immigration. For 5 years we have talked about immigration and naturalization legislation, about the injustices of the McCarran Act and the inadequacies of our various temporary refugee programs. This last year I was gratified at our modest success in amending these laws to admit some sixty to seventy thousand immigrants, to eliminate the mortgaging of quotas, to carry over unused refugee relief act quotas, and to make them available for refugees from the Middle East, Hungary, and elsewhere. From time to time other minor changes have been made, and a variety of alternative bills altering the national origins quota has been advanced. In much of this work, we miss the services of Senator Lehman who led the fight for a long time.

But it seems to me that a full-scale, comprehensive basic reexamination of our fundamental immigration policy is essential, not only by the Congress through its formal machinery but by the American people. We

have become preoccupied with our own security, our own contentment, our own lives. Even when we open our doors to those fleeing from Budapest or Alexandria, even when we contribute to those organizations and programs which seek new homes for the oppressed and the homeless, we are thinking too often in terms of charity instead of humanity, in terms of propaganda advantages abroad, toleration instead of equal rights. We have thought in terms of what a great Massachusetts poet, John Boyle O'Reilly, once called "organized charity, scrimped and iced, in the name of a cautious statistical Christ."

To this very day, myths persist concerning national origins and racial superiority, concerning America's capacity to absorb new immigrants and the immigrant's capacity to adjust. Our immigration laws have devolved into such a tangled mess that nobody quite knows what they are. The subject has become a matter of partisan politics and personal disputes; and a joint committee on immigration and nationality policy established under the McCarran Act has not been effective.

Our immigration policy is as much in need of a new look or agonizing reappraisal as our military or foreign policies. Such a reexamination may be possible through a high level Hoover Commission type study, similar to that provided in a bill I introduced for that purpose in the last Congress. Or it may be possible through a comprehensive reexamination of the law by the Congress itself. In any event, whichever approach is used, it seems to me that we ought to be in agreement now on the basic principles underlying any new study and new law.

We must recognize that we have come to the point in our consideration of immigration policy where we must cast off the outworn concepts inherited from previous generations and start afresh, postulating for ourselves new principles responsive to the needs of our time as we are given to see and understand them. Rather than tinker with a formula which is based upon outmoded statistical data and disprove philosophic foundations, we must set out to reconstruct a policy and law which conforms to our ideals of justice and civic morality, and recognizes modern techniques of social control over economic forces which make the wild and frightened cries of today's neo-Mathusians ring empty. No longer can the intelligent man of the 20th century accept absolute limitations on the ability of an economy to absorb additional immigrants and provide them with the physical necessities of life. We now understand that a dynamic, healthy, and expanding economy requires manpower and depends for its growth upon increased demand. Aggressive and imaginative application of the skills we have learned are the 20th century answer to those who would confine us in the long since discredited theories of bygone days.

This is not to say that a new American immigration policy would return to the open-ended standards that characterized our policy up until the end of World War I, which was oriented largely toward the requirements of a mushrooming economy and a rapid settlement of vast stretches of unpopulated western lands. I believe that our own national interest and, indeed, the interests of other nations who might send immigrants to us indicate that we should have a system of limited and selective migration to the United States. I believe further that there is no obligation or desirability on our part to admit without initial screening those who may become criminals, subversives, or public charges—or to admit others in a quantity or at a rate greater than even our own dynamic economy can absorb properly.

But it is the nature, not the existence, of limitations and qualifications which create an injustice in our immigration policy today.

There are very few responsible and thoughtful persons in the world who do not recognize that the United States, no longer in a position to absorb the large number of immigrants who were so essential to its growth during the 19th century, must now maintain a system of selective and regulated migration. The primary defect of our immigration policy as viewed by foreigners is not that it is restrictive, not even that it admits too few each year, but that it is based on false, discredited, or unjust principles.

Any comprehensive reexamination of American immigration policy must begin with a renewed declaration of basic American principles: That one group of citizens in a world now drawn together by hope and fear is not to be favored as more desirable than another group; that no American policy or legislation shall be based directly on race or national origins; that American citizens are not to be classified for the rest of their lives into two groups of widely differing rights and privileges, the native born and the naturalized; and that no program should encourage arbitrary, inhumane administrative machinery inexorably grinding out its decisions in terms of cold statutes and statistics without regard for human values and emotions.

I do not say that there should be no preference exercised, no distinctions made, no differences recognized. In a nation desperately short of engineering, scientific, medical, and other skills, I would rather see us give a preference to an immigrant because he is a nuclear physicist than because he is an Anglo-Saxon. I would rather see us admit those whose husbands or wives, parents or children have long awaited their coming to this country than those whose only claim to preference is the accidental color of their skin and hair. I would like to see us give preference to those who are refugees from religious or political persecution, or who have found conditions of residence in their country intolerable, those whose frustrating, poverty-stricken existence in a refugee camp only serves to feed the mills of Communist propaganda.

There may well be other categories to which we should give preference if our immigration policies are to be responsive to the real and current needs of our national interest. To fulfill this goal it may be necessary to establish an annual immigration quota, reflecting the current world conditions and American economic trends, and subject to a review by the Congress at periodic intervals to evaluate its effects on our Nation's economy and foreign relations.

Finally, any such reevaluation of immigration policy must streamline our administrative procedures in this area. We must be sure that they conform to reasonable standards of justice and that they do not vest excessive arbitrary power in the hands of overworked and harassed officials. Our very form of government is based upon a recognition of the principle that men are fallible, that checks and balances are necessary at every step and that those who have been denied visas, for example, ought to have some right of appeal.

The McCarran-Walter Act was passed over Presidential veto and there is no reason to believe that it is possible for us to change all of its features. We have to realize that we have to be conscious always of what it is possible for us to do. Therefore, I believe it absolutely essential, first of all, that we follow up our humanitarian admission of 30,000 Hungarian refugees of the great revolt by regularizing their status here, by changing it from that of parolees to holders of permanent visas, which will enable them to set out on the road toward citizenship.

Second. We should redistribute the annual quotas which today are wasted, either by administrative board who will take into account the needs of the United States and of the countries involved, or through redistribution on a proportionate basis to all countries having less than a quota of 7,000 each year.

Third. I believe that Congress should grant discretionary power to the executive branch to provide exceptions from the provisions of law in certain hardship cases.

Fourth. I am concerned that our immigration law with its quota set essentially on national or ethnic lines may well in operation have prevented the movement to this country of skilled workers and especially scientists and engineers who are so badly needed. Therefore, I propose to establish a pool of nonquota visas when it is determined that a visa is not ordinarily available to persons possessing skills essential to our national interests.

There are no easy solutions to these problems that will not bring new difficulties and displeasures with them, but neither are they easy problems. For whether we like it or not, whether we tell them to stay or not, there will always be Hungarians fleeing from Budapest, Jews leaving Warsaw, Italians leaving the poverty of their villages. In the words of the Irish poet at the time of the great Irish exodus induced by both famine and oppression:

"They are going, going, going, and we cannot bid them stay  
For their fields are now the stranger's where the stranger's cattle stray,  
But no foreign skies hold beauty like the rainy skies they knew.  
Nor any night-wind cool the brow as did the foggy dew."

I do not predict with any certainty that we shall obtain such a comprehensive reexamination and revision of our immigration laws during the coming year. But I do say that such a step cannot be far away—that the course of human events proves conclusively that bigotry eventually gives way to knowledge, expediency yields to humanitarianism, repression gives way to liberty. The day cannot be far off when America will again have an immigration policy that all men can call fair, that all in need will deem generous. We want a policy that was best described by Stephen Wise in that memorable keynote address to the preliminary conference of the American Jewish Congress in 1916, when he said that "the only program worthy of a great and proud people . . . is not relief—but redress; not palliation—but prevention; not charity—but justice."

## SENATE

THURSDAY, JANUARY 30, 1958

(Legislative day of Monday, January 27, 1958)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. William E. Trice, D. D., pastor, the University Methodist Church, Baton Rouge, La., offered the following prayer:

O Thou God of outer space and inner man: Cut through the redtape of our confused human thinking with the searing sacredness of Thy truth, that we may be commanded by the necessity of doing Thy will.

Light up our consciousness, O God of justice, with the knowledge of our accountable responsibility to Thee. Defend us, O God of power, from the evils of our age, to the extent of our faithfulness to Thy way. Let us be unafraid, O God of peace, of any heavenly body save one launched by Thine infinite power. Bend our wills to fit the pattern of Thy purposes.

Then, may Thy benediction, at last, be as surely deserved by our actions as it is freely given by Thy grace, through Jesus Christ, our Lord. Amen.

## THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, January 29, 1958, was dispensed with.

## MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a joint resolution (H. J. Res. 439) to permit articles imported from foreign countries for the purpose of exhibition at the Washington State Seventh International Trade Fair, Seattle, Wash., to be admitted with out payment of tariff, and for other purposes, in which it requested the concurrence of the Senate.

## ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the

enrolled bill (H. R. 8216) to amend the Internal Revenue Code of 1954 to prevent unjust enrichment by precluding refunds of alcohol and tobacco taxes to persons who have not borne the ultimate burden of the tax, and it was signed by the Vice President.

## LEAVE OF ABSENCE

On request of Mr. MANSFIELD, and by unanimous consent, Mr. THURMOND was excused from attendance on the sessions of the Senate, because of a death in his family.

## COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. PASTORE, and by unanimous consent, the Antitrust and Monopoly Subcommittee of the Committee on the Judiciary was authorized to meet during the session of the Senate today.

## EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar.